



DAILY BRIEFING

Tuesday, September 6, 2022

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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](#).

NCHER Federal Update – Fall 2022; Register Today!

This Thursday, September 8th from 2:00 to 3:00 pm ET, NCHER will hold a webinar to review and discuss upcoming federal developments for Fall 2022 with a focus on the policy, political, regulatory, and legal developments impacting the higher education finance community that took place in late summer and what we expect to take place in the fall as we head into the November election. This is a member-only event, which means that you will need to be logged into the NCHER website to [register for the event](#).

FSA Publishes FAQs on Federal Student Loan Forgiveness

The U.S. Department of Education's Office of Federal Student Aid (FSA) recently published [updated information](#) on the Biden Administration's federal student loan forgiveness plan, including Frequently Asked Questions (FAQs) and eligibility information. In the updated information, FSA stated that an online form would be available by "early October," and encouraged borrowers to check their eligibility before the form becomes available. FSA added that borrowers will have until December 31, 2023 to submit their applications for forgiveness. The FAQs provided some detail on eligibility, stating that the Department "is assessing whether to expand eligibility to borrowers with privately owned federal student loans, including FFEL [Federal Family Education Loans] and Perkins Loans. In the meantime, borrowers with privately held federal student loans, such as through the FFEL, Perkins, and HEAL programs, can receive this relief by consolidating these loans into the Direct Loan program." FSA added that borrowers that qualify for automatic forgiveness, which will be determined based off FAFSA [Free Application for Federal Student Aid] applications and income-driven repayment applications, will receive an email regarding their loan forgiveness. The FAQs also discuss how FSA will apply the relief to borrowers with multiple loans. The document reads as follows:

For borrowers with multiple loans, we'll apply the relief in the following order:

- *Defaulted ED-held loans*
- *Defaulted commercial FFEL Program loans*
- *Non-defaulted Direct Loan Program loans and FFEL Program loans held by ED*
- *Perkins Loans held by ED*

If you have multiple loans in a program type (e.g., multiple Direct Loan Program loans), we'll apply the relief in the following order:

- *Apply relief to loans with highest statutory interest rate.*
- *If interest rates are the same, apply to unsubsidized loans prior to subsidized loans.*
- *If interest rate and subsidy status are the same, apply to the most recent loan.*
- *If interest rate, subsidy status, and disbursement date are the same, apply to the loan with the lowest combined principal and interest balance.*

NCHER notes that it has been in touch with Department officials to make it clear that the suggested answer on FFEL needs additional clarification such that FSA is currently working with the FFEL community on a solution and that there is no immediate need for a FFEL borrower to consolidate at this time.

Sen. Warren Sends Letter to DOJ Demanding Changes to Undue Hardship Standard in Bankruptcy

Last week, Sen. Elizabeth Warren (D-MA) sent a [letter](#) to the U.S. Department of Justice (DOJ) requesting that it release its plan to revise its handling of undue hardship claims by borrowers in bankruptcy proceedings. “To support the administration’s efforts to overhaul the student loan system and ensure that bankruptcy relief is a viable option for borrowers in severe financial straits, it is critical that you issue and implement this updated guidance without delay.” The letter noted that Sen. Warren requested similar information from the agency in a March 2022 letter. In this new letter, Sen. Warren expressed frustration around the fact that the updated guidance has still not been published, that it has become extremely difficult for borrowers to pursue forgiveness through bankruptcy, and those that attempt to are often faced with aggressive litigation. She went on to cite several examples where borrowers have struggled to receive relief because of implementation of the existing undue hardship standard by DOJ and the U.S. Department of Education.

FTC Issues Consumer Alert About Student Loan Forgiveness Scams

The Federal Trade Commission (FTC) recently issued a [Consumer Alert](#) warning student and parent borrowers that the President’s announcement about the extension of the federal student loan payment pause and new federal student loan forgiveness plan has caught the attention of scammers. According to the FTC, borrowers do not need to do

anything or pay anybody to sign up for the new program at this time. “Nobody can get you in early, help you jump the line, or guarantee eligibility,” the alert says. “And anybody who says they can – or tries to charge you – is (1) a liar, and (2) a scammer.”

Tax Foundation Report Says Borrowers Could Be Taxed on Federal Student Loan Forgiveness

The Tax Foundation recently released a report that found some states will subject borrowers who receive \$10,000 - \$20,000 under the new federal student loan forgiveness plan to state income taxes. According to the report, Arkansas, Minnesota, Mississippi, North Carolina, and Wisconsin have existing tax laws that would count the amount of debt forgiven toward a borrower’s income. Tax agencies in other states, including New York, Pennsylvania, and Virginia, have said that their states will not tax debt relief but other states have not made definitive statements on whether they will tax forgiveness as income. For additional coverage, see these article from the [Associated Press](#) and [PBS New Hour](#).

ACICS Announces “Orderly Dissolution” of Operations Following Department of Education Decision

Today, the Accrediting Council for Independent Colleges and Schools (ACICS) [announced](#) that it will begin an orderly dissolution of the corporation, following an August 19th decision from the U.S. Department of Education to revoke its ability to accredit colleges and universities across the country. The announcement said that the council will not challenge the recent decision in court. In the announcement, ACICS President and Chief Executive Officer Michelle Edwards said that the time has come to initiate the steps necessary to dissolve the corporation. “In its 110 years of service as an accreditor, ACICS has had the honor of working to advance educational excellence at independent, nonpublic career schools, colleges, and organizations in the United States and abroad,” Ms. Edwards added. “We will continue to uphold those principles as we wind down our operations.” More than two dozen colleges and universities enrolling about 3,800 students currently rely on ACICS’s stamp of approval to be eligible for federal student loans and Pell grants, according to the Department. The Department moved to cut off ACICS in a July 2021 decision that cited “significant and systematic noncompliance” with the federal rules for accreditors. The Department upheld that decision last month, rejecting the group’s appeal. Following ACICS’ termination last month, those 27 colleges now have 18 months to find a new accreditor or else lose access to federal student aid.

The Department recently moved to restrict how the colleges enroll new students. ACICS said it would work with its remaining accredited schools to “prepare for the transition.” The group said it expects to “conclude accreditation operations no later than March 1, 2024.”

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:

- [\(GRANTS-22-12\) Additional TEACH Grant Closeout Information for 2021–22 Award Year](#)
- [\(GRANTS-22-11\) Pell Grant and Iraq and Afghanistan Service Grant 2021–22 Award Year Processing Deadline](#)
- [\(GENERAL-22-66\) End of Federal Fiscal Year 2022 – Impact on Funds Availability for Campus-Based, Pell Grant, Iraq and Afghanistan Service Grant, TEACH Grant, and Direct Loan Programs \(G5 and COD System\)](#)
- [\(GENERAL-22-65\) NSLDS Professional Access – Additional Information About the Modernized Website #7](#)
- [Comment Request: Public Service Loan Forgiveness Reconsideration Request](#)

Member News



Educational Credit Management Corporation (ECMC) and the Utah Higher Education Assistance Authority (UHEAA) announced that they are notifying affected industry partners that UHEAA's

Federal Family Education Loan Program (FFELP) guaranty portfolio has been assigned to ECMC, effective March 1, 2023. UHEAA notified the U.S. Department of Education of its desire to exit the FFELP guaranty program and the Department then directed that the portfolio be transferred to ECMC. Additional information will be provided as the transition progresses and posted on the [ECMC website](#).

General News

[Inside Higher Ed](#) reports that Congressional Republicans are saying that President Joe Biden's federal student loan forgiveness plan is illegal, but they are struggling to find a plaintiff with standing to make a case against the use of executive authority.

[Higher Ed Dive](#) reports that the White House's plans to forgive some federal student loan debt and revamp income-driven repayment are "modestly credit positive" developments for the higher education sector, according to Moody's Investors Service.

[CNBC](#) reports that the average burden per taxpayer for the new federal student loan forgiveness plan will be \$2,503.22, according to new estimates from the National Taxpayers Union, a fiscally conservative advocacy group.

[CNN](#) reports that millions of Americans over the age of 50 may benefit from the President's student loan forgiveness plan.

[Fox News](#) reports that the President's student loan debt handout will be a huge redistribution plan according to Patrice Onwuka of the Independent Women's Forum.

[Inside Higher Ed](#) reports, when making decisions about whether non-faculty employees' jobs could be done remotely or under a hybrid arrangement, college and university officials may not realize that most students do not expect or feel they need in-person

staff.

[*The Chronicle of Higher Education*](#) reports on what the end of race-conscious admissions would mean for minority enrollment as several states have already banned affirmative action.

[*Diverse Issues in Higher Education*](#) reports that the California Student Aid Commission has launched a new program to help people who lost their jobs amid the COVID-19 pandemic's fallout.

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