NCHER
DAILY BRIEFING

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Department of Education Launches New Initiative Supporting Career-Connected Learning and Job Pathways

On Monday, the U.S. Department of Education announced the launch of a new initiative to increase and expand access to high-quality training programs to help young Americans pursue jobs in in-demand fields. The initiative titled, *Raise the Bar: Unlocking Career Success, brings together agencies such as the Departments of Education, Labor, and Commerce to strengthen pathways between K-12 education, postsecondary education, and workforce programs. The initiative will expand access to skills-based learning and training pathways, like Registered Apprenticeships in industries such as advanced manufacturing, automotive, and cybersecurity using funds from the $120 billion dedicated to K-12 education in the American Rescue Plan. As part of the launch of the initiative, the Department announced $5.6 million dollars in Perkins funding for a new program to expand work-based learning opportunities and issued new* guidance *on how federal funds can be used to develop and expand career pathways* *programs. After the launch of the program, Secretary of Education Miguel Cardona stated* "it's time we bridge the divide between our K-12 systems and our college, career, and industry preparation programs, which leave too many students behind and perpetuate inequities in our most diverse, underserved, and rural communities. An education system reimagined for the 21st century engages youth of all ages in the power of career-connected learning and provides every student with the opportunity to gain real-life work experience, earn college credits, and make progress towards an industry credential before they graduate high school. Today, the Biden-Harris team is raising the bar with new investments and resources to support intentional collaboration between schools, colleges, workforce development agencies and industry partners and build clearer pathways for students to rewarding careers and lifelong success."

New York Fed Releases Quarterly Report on Household Debt and Credit, Finds Student Loan Balances Declined During Third Quarter

Today, the Federal Reserve Bank of New York released its **Quarterly Report on Household Debt and Credit**, which found aggregate household debt balances increased by $351 billion in the third quarter of 2022, a 2.2 percent rise from the second quarter of the year. Household balances now stand at $16.51 trillion, having increased by $2.36 trillion since the end of 2019. During the third quarter, mortgage balances increased by $282 billion, credit card balances increased by $38 billion, and auto loan balances increased by $21 billion. Offsetting these increases, student loan balances decreased slightly and now stand at $1.57 trillion. According to the report, aggregate delinquency rates were unchanged in the third quarter of 2022, remaining very low after declining sharply through the pandemic. As of September, 2.7 percent of outstanding debt was in some stage of delinquency, a 2.1 percentage point decrease from the last quarter of 2019. However, the share of debt newly transitioning into delinquency increased for nearly all debt types. The share of consumers in third party collection stood at 6 percent, declining slightly from the second quarter.

The report noted that the decline in outstanding federal student loan volume likely reflects some of the discharged debt due to Closed School Discharge and Public Service Loan Forgiveness offsetting the typical seasonal academic year originations. About 4 percent of aggregate student loan debt was 90+ days delinquent or in default in the third quarter of 2022. The report noted that the lower level of student debt delinquency reflects the continued repayment pause on federal student loans, which is scheduled to end on January 1, 2023. As in the past, the report noted that delinquency rates for student loans are likely to understate effective delinquency rates because about half of these loans are currently in deferment, in grace periods, or in forbearance and, therefore, temporarily not in the repayment cycle. This implies that among loans in the repayment cycle delinquency rates are roughly twice as high.

For further coverage, see these articles from ***Yahoo Finance*** and ***CNBC***.

Further Analysis of Federal Appeals Court Decision Blocking Federal Student Loan Forgiveness Program

As reported in yesterday's *Daily Briefing*, a three-judge panel of the U.S. Court of Appeals for the Eighth Circuit **granted** an emergency motion enjoining the U.S. Department of Education from implementing its federal student loan forgiveness program pending the appeal of a decision by the U.S. District Court for the Eastern District of Missouri that dismissed a challenge by six states for lack of jurisdiction. The original complaint and emergency motion was brought by six states that are seeking to enjoin the Department from implementing debt relief under authority granted under the HEROES Act. The states contend the federal student loan forgiveness plan contravenes the separation of powers and violates the Administrative Procedure Act because it exceeds the Secretary of Education's authority and is arbitrary and capricious. In yesterday's decision, the Appeals Court noted that key to the District Court's rationale was its conclusion that the State of Missouri, one of the six states, could not rely on harm MOHELA might suffer due to loan forgiveness. The decision listed the relationship between MOHELA and the State of Missouri: its establishment by the State legislature, control by a board composed of state appointees, and its statutory purpose to support and fund public colleges and universities. The Appeals Court used this relationship to rule that MOHELA may be an arm of the State of Missouri, even if it is not an arm of the State, and the financial impact on MOHELA due to the Secretary's debt discharge threatens to independently impact Missouri by impacting MOHELA's contributions to the funding of public colleges and universities. The Appeals Court also rejected a request to limit the injunction to just the plaintiff states, citing MOHELA's national servicing role. In summary, the Court held that the balance of equities and the probability of success on the merits weighs in favor of granting the injunction. The Court noted that, if the Department were to forgive student loan debt, the impact would be irreversible, and also pointed to the lack of harm an injunction would impose due to the current payment and interest pause. The Appeals Court will now turn to consideration of the merits of the appeal by the six states. Together with the decision last week by the U.S. District Court for the Northern District of Texas, which found on the merits for the plaintiffs challenging debt relief, the Eighth Circuit case represents the second court that has enjoined the Department's federal student loan forgiveness scheme.

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-22-86) Title IV Aid Disbursement Reporting, Excess Cash, and Reconciliation Requirements
- (GENERAL-22-85) NSLDS Professional Access – Upcoming November Enrollment Roster Dissemination

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General News

The Washington Post and *CNBC* report that the White House and the U.S. Department of Education is considering extending the federal student loan repayment and collections pause after the Biden Administration suffered multiple court defeats on its federal student loan forgiveness plan.

Forbes reports that there are eight signs that the Biden Administration may actually extend the federal student loan payment and collections pause.

Higher Education Dive reports that over 1,830 colleges and universities are going test-optional for its fall 2023 admissions.

Business Insider reports that, according to several student loan advocates, federal student loan payments for borrowers should not resume in January.

Higher Education Dive reports that less than half of students whose colleges abruptly close go on to enroll elsewhere.

Politico reports that University of California academic workers are striking over wages and benefits in the largest walkout in higher education.

InsideTrack released a new report offering guidance to community college leaders seeking to re-enroll adult learners.

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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