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In Today's Edition

- NCHER Legislative and Leadership Conference Begins Next Week – Register Today
- Education Secretary Cardona Lays Out Priorities for Second Year, Includes Gainful Employment Rule
- House and Senate Democrats Press President to Release Memo on Student Loan Forgiveness
- FTC Reaches Settlement with Remaining Defendants in Student Loan Debt Relief Case
- FSA Releases Electronic Announcement on Student Loan Interest Payments for 2021
- NCAN Report Finds Billions of Pell Grant Dollars Went Unclaimed in 2021
- Federal Reserve Completes Two-Day Meeting, Signals Pivot to Higher Rates and End to Asset Purchases
- Third Way Report Advocates for Rating Colleges and Universities on Economic Mobility
- ARRC Releases Newsletter for December and January
- U.S. Department of Education News
- General News

NCHER Legislative and Leadership Conference Begins Next Week – Register Today!
The NCHER Legislative and Leadership Conference will be held next week, beginning on Monday. This important conference is the first opportunity to hear about federal and state developments impacting the higher education finance industry and to meet with the House and Senate Education Committee leadership and Administration officials on your organization’s advocacy priorities. Register Today!

The NCHER Government Relations Committee has been hard at work putting together the program and is pleased to release the final agenda geared toward providing important and timely sessions on the political and policy environment in Congress and the Biden Administration. This is a ‘can’t-miss’ event for the NCHER membership and student loan colleagues! The final agenda includes the following:

- Deputy Under Secretary Julie Morgan will discuss the higher education policies and priorities of the Biden Administration as we head into 2022.

- House Higher Education and Workforce Investment Subcommittee Chair Frederica Wilson (FL) and Ranking Member Gregory Murphy (NC) will speak about their priorities for higher education, including ideas for expanding college access and success.

- A Congressional staff panel of House and Senate staff will discuss the priorities of the Democratic and Republican leadership in the 117th

- A timely session examining the resumption of federal student loan repayment in May 2022 where experts will discuss the efforts of the Department of Education and Federal Student Aid.

- An engaging session examining state policies impacting higher education finance, an update on federal regulatory efforts, and an update on the Consumer Financial Protection Bureau’s efforts regarding federal and private student loans from Director Rohit Chopra’s office.

- Following the conclusion of the conference, NCHER can assist you in setting up meetings with your Congressional delegation.

The registration fee for members to participate virtually in all sessions is $500 per individual, $1,000 for two registrants, and $1,500 for three or more – an unlimited number of – registrants. Register Today!

We look forward to seeing you at the NCHER Legislative and Leadership Conference!
Education Secretary Cardona Lays Out Priorities for Second Year, Includes Gainful Employment Rule

This morning, Education Secretary Miguel Cardona gave a speech outlining his vision for education as the Biden Administration begins its second year in office. In the speech, Secretary Cardona emphasized the importance of effective school reopening plans and keeping schools open, establishing a “living wage” for educators, and prioritizing mental health resources. He also discussed the benefits of increasing Title I and the Individuals with Disabilities Education Act (IDEA) funding.

On higher education, the Secretary said that too many talented Americans are choosing against enrolling in higher education due to the fear of debt and the feeling that college is out of reach. He said that it was unamerican when postsecondary education is out of reach for students and their families. Secretary Cardona then talked about the administration’s record on student loan debt. “That's why our administration has already cancelled $15 billion in student loan debt – more than any other Administration in history, and that's only in our first year in office,” he said. “And we're committed to supporting every student loan borrower when they transition back into repayment. No one should be forced to make a payment they can't afford. To fix the system, we also overhauled the Public Service Loan Forgiveness (PSLF) program, so public servants who have paid for 10 years can finally get the loan relief they deserve. I'm proud that as of last week, our changes have made 70,000 doctors, nurses, veterans and service members, teachers, and others in public service fields eligible for $5 billion in loan relief. But we're not done yet.” He said that the U.S. Department of Education would work with Congress to make long-term improvements to PSLF. Over the next year, the Secretary said that his agency would hold programs, colleges, and universities accountable through passage of a new gainful employment regulation so “students will not be taken advantage of for financial gain.”

For a press release on the Secretary’s speech issued by the Department of Education, click here.

House and Senate Democrats Press President to Release Memo on Student Loan Forgiveness

Earlier this week, Senate Majority Leader Chuck Schumer (D-NY), Sen. Elizabeth Warren (D-MA), and 83 Senate and House Democrats sent a letter to President Joe Biden
requesting that he release a legal memo his administration has been working on regarding whether the President has the executive power and authority to cancel federal student loan debt. The signatories allege that the White House has held onto the memo since last April and that the President has the authority to wipe out student loan debt for millions of borrowers across the country. “Publicly releasing the memo outlining your existing authority on cancelling student debt and broadly doing so is crucial to making a meaningful difference in the lives of current students, borrowers, and their families,” the letter says. The letter outlines the economic benefits of student loan debt cancellation, including its potential to reduce racial inequities, especially in Black and Brown communities that already experience increased wealth inequality compared to their white counterparts. The lawmakers point to the fact that, only four years after graduation, Black student borrowers owe three times as much as their white peers. The letter goes on to mention the President’s debt-free college proposal, which promised to eliminate up to $50,000 in federal student loan debt for all families before payments resume. The lawmakers state that prioritizing student loan debt relief is also critical in the effort to make full recovery from the pandemic. For more coverage, see this article from Politico.

FTC Reaches Settlement with Remaining Defendants in Student Loan Debt Relief Case

The Federal Trade Commission (FTC) recently announced a settlement with the remaining defendants involved in a third-party student loan debt relief scheme, which bans them from providing such products and services, in addition to a ban from making misrepresentations in the sale of any products or services. The FTC’s initial charges from November of 2019 allege that the defendants used fraudulent ads and posed as the U.S. Department of Education to lure student loan borrowers into paying illegal upfront and monthly fees. The Commission voted unanimously that Jay Singh and two other corporate defendants that he controls, American Financial Support Services Inc. and US Financial Freedom Center, are to pay $7.6 million in penalties to settle the case. Arete Financial Group and six other related corporate defendants are to pay $22 million. Both monetary judgements have been partially suspended based on an inability to pay. The FTC plans to put recovered funds toward consumer refunds.

FSA Releases Electronic Announcement on Student Loan Interest Payments for 2021
Earlier this week, the U.S. Department of Education Office of Federal Student Aid (FSA) issued an Electronic Announcement on how federal student loan servicers were reporting student loan interest payments in 2021. The announcement says that, as tax time approaches, FSA wants to share general information with the financial aid community about the reporting of student loan interest payments. If a borrower made federal student loan payments in 2021, the borrower may be eligible to deduct a portion of the interest paid on his or her 2021 federal tax return. Student loan interest payments are reported to both the Internal Revenue Service (IRS) and the borrower on IRS Form 1098-E, Student Loan Interest Statement. The announcement also includes basic information and three questions and answers that student and parent borrowers may have on interest payments.

NCAN Report Finds Billions of Pell Grant Dollars Went Unclaimed in 2021

The National College Attainment Network (NCAN) recently published a report that found $3.75 billion in Pell Grant funds were not claimed because high school students in the class of 2021 did not finish the Free Application for Federal Student Aid (FAFSA). Compared to the high school class of 2017, this year’s high school graduates left 60 percent more Pell Grant funds unclaimed. The report says that, while this is due in part to the fact that the maximum Pell Grant award increased during that period, the 2021 FAFSA application rate was also 7 percent lower than it was in 2017. Addressing the new findings, NCAN Chief Executive Officer Kim Cook said, “The Pell Grant is one of our best, and best targeted, tools to close the equity gap in postsecondary attainment. This stunning increase in financial aid dollars ‘left on the table’ comes as we are battling historic declines in college enrollment. As a country, we need to work to address this disconnect systemically.”

Federal Reserve Completes Two-Day Meeting, Signals Pivot to Higher Rates and End to Asset Purchases

Yesterday, the Federal Reserve completed the two-day meeting of its Federal Open Market Committee (FOMC) meeting on monetary policy. In a statement following the meeting, the FOMC announced that it had kept the target range for the federal funds rate at 0 to ¼ percent, but said “it will soon be appropriate to raise the target range.” The FOMC also said that it decided to continue to reduce the monthly pace of its net asset purchases, bringing them to an end in early March. The committee’s actions were taken as
a sign that the nation’s economy is experiencing a strong labor market and inflation well above the Fed’s two percent goal, and signaled the likelihood that the Fed will both end asset purchases and begin to raise rates in March.

In a prepared statement before his press conference, Federal Reserve Chairman Jerome Powell said the FOMC is adapting to an evolving environment where the economy has shown great strength and resilience. He acknowledged that inflation has spread to a broad range of goods and services and, referring to the Fed’s Statement on Longer-Run Goals and Monetary Policy Strategy that was affirmed at the FOMC meeting, stated that the federal funds rate is the primary means of implementing monetary policy. During questioning, Chairman Powell declined to tip the FOMC’s hand on the number and amount of fed fund increases expected this year and said no decision has been made on shrinking the central bank’s nearly $9 trillion balance. However, the Chairman did say that longer-term the Fed will hold primarily Treasury securities. He also said that the Fed will be nimble but will move steadily away this year from a highly accommodative monetary policy. The next meeting of the FOMC is scheduled for March 15-16, 2022. Separately, today, the U.S. Department of Commerce announced that the U.S. economy grew at an annual rate of 6.9 percent during the fourth quarter of 2021. For more coverage, see this article from The Wall Street Journal.

Third Way Report Advocates for Rating Colleges and Universities on Economic Mobility

Today, Third Way released a new report titled, Out With the Old, In With the New: Rating Higher Ed by Economic Mobility, which calls for creating an economic mobility index that will examine which institutions of higher education enroll the highest proportion of students from low- and moderate-income backgrounds and provide them with a strong return on their educational investment. The report shows that, using such an index, the reach of colleges and universities that rank high on traditional college rankings do very little to offer students economic mobility, in large part because they admit such a small share of low-income students to begin with. For example, Harvard University, which ranked No. 4 on the time it takes low-income students to recoup their out-of-pocket costs, falls to 847 out of 1,320 bachelor’s degree-granting institutions on an economic mobility index. Notably, institutions shown to provide the most economic mobility are all Hispanic-Serving Institutions located in California, Texas, and New York. The report says that Historically Black Colleges and Universities also score much higher on an economic mobility index than traditional college rankings reflect. The 10 HBCUs that offer the most economic mobility enroll mostly Pell students, while also allowing a
quick return on investment for the low-income students they serve.

ARRC Releases Newsletter for December and January

Earlier this week, the Alternative Reference Rates Committee (ARRC) published its newsletter covering December 2021 and January 2022. Among the highlights, the AARC reported that, since the publication of the Secured Overnight Financing Rate (SOFR), approximately $1.24 trillion in floating rate notes tied to SOFR have been issued with approximately $360 billion outstanding at December month-end. The newsletter also noted that the U.S. House of Representatives had passed H.R. 4616, the Adjustable Interest Rate (LIBOR) Act of 2021 to reduce risks associated with the transition away from the London Inter-Bank Offered Rate (LIBOR) and to help effect a fair transition for financial contracts which do not consider the permanent cessation of LIBOR and have no workable fallbacks. The ARRC welcomed the bill's passage, noting that the legislation will minimize the risk of disruptive litigation and adverse economic impacts associated with the transition — providing greater certainty to investors, businesses, and consumers as the financial system continues its transition away from LIBOR. The newsletter stated that the ARRC will advocate for passage of similar legislation by the U.S. Senate and will also advocate for legislative solutions in other states as is needed in case federal legislation does not pass in time. The newsletter also noted the U.S. Department of Treasury and Internal Revenue Service (IRS) issued final regulations providing guidance on the tax consequences of amendments to debt instruments and/or certain associated interest rate swaps or other derivative contracts in order to replace LIBOR and that the Consumer Financial Protection Bureau issued a final rule to facilitate the transition away from LIBOR for consumer financial products. The final rule will be effective as of April 1, 2022, by which all creditors must select alternative reference rates for existing LIBOR-linked consumer loans.

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:

- (APP-22-02) Processing Delays for DHS-SAVE Second and Third-Step Verification
- (CB-22-04) Tentative 2022–23 Funding Levels for the Campus-Based Programs
General News

*Higher Ed Dive* reports that S & P Global Ratings revised its view of the U.S. not-for-profit higher education sector to stable, ending four years of negative outlooks even as it said it is monitoring divergence in fortunes between strong and weak institutions in the market.

*Forbes* publishes an article saying that, if there is no student loan cancellation, student debt strikes could be next.

*Fortune* publishes an article saying that President Joe Biden will not say if student loan forgiveness will happen.

*CNBC* reports on options available to student and parent borrowers who are not eligible for Navient’s student loan forgiveness settlement. *Yahoo* reports that Sallie Mae has agreed to acquire Delaware-based Nitro College, a digital marketing and education solutions company.

*Diverse Issues in Higher Education* and *Inside Higher Ed* report that the College Board announced the SAT will be offered in digital format only and will be two hours instead of three, among other changes.

*U.S. News and World Report* published its 2022 rankings of online college programs, which includes more than 1,700 online bachelor’s and master’s degree programs, an increase from the approximately 1,600 rated last year.

An online version of this Daily Briefing is available to view and print from the [Daily Briefing Section](https://ncher.org/?mailpoet_router&endpoint=view_in_browser&action=view&data=WzE0MywiNjZmYWZkMzE2OTc0IiwwLDAsOTMsMV0) of the NCHER e-Library.