



# DAILY BRIEFING

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## President Biden Provides State of the Union Address, Calls for Increase in Pell Grants and HBCU Funding

Last night, President Joe Biden delivered his first [State of the Union Address](#) to Congress, which largely focused on the conflict in Ukraine and how the U.S. is working alongside European Union allies to impose increasing sanctions on Russia. In his speech, the President discussed a number of education-related issues. On the elementary and secondary education level, he discussed the mental health crisis among school-age children, encouraging parents to ensure that schools are using American Rescue Plan dollars to invest in tutoring to make up for lost learning time. On higher education, the President discussed his support for federal policies to strengthen the nation's economy, including increasing Pell Grants and support for Historically Black Colleges and

Universities:

*“We’re also going to cut costs to keep the economy going strong and giving workers a fair shot; provide more training and apprenticeships; hire them based on skills, not just their degrees. Let’s pass the Paycheck Fairness Act and paid leave – (applause); raise the minimum wage to \$15 an hour – (applause); and extend the Child Tax Credit so no one has to raise a family in poverty. (Applause.)*

*Let’s increase Pell Grants; increase our historic support for HBCUs; and invest – (applause) – in what Jill, our First Lady, who teaches full-time, calls America’s best-kept secret: community colleges. (Applause.) When we invest in our workers and we build an economy from the bottom up and the middle out, together we can do something we haven’t done in a long time: build a better America.*

While the [fact sheet](#) released by the White House on Monday suggested that the President would ask Congress to increase the maximum award for the Pell Grant by more than \$2,000, the speech made no reference to a specific value. The President also made no mention of student loan debt or forgiveness.

For more coverage of the President’s State of the Union address, including whether the lack of details on higher education may be indicative of a move to scale down the administration’s higher education agenda, see this article from [The Chronicle of Higher Education](#).

## House Financial Services Committee Holds Hearing with Federal Reserve Chairman Powell, Stresses Uncertainties Caused by Ukrainian Crisis

Today, the House Financial Services Committee held hearing entitled, Monetary Policy and the State of the Economy. In her [opening statement](#), Chairwoman Maxine Waters (D-CA) said that, despite the fact that the nation’s economy has added 7 million jobs since the beginning of 2021 and wages and salaries for workers grew by 4.5 percent in 2021, more work lies ahead. She said that families across the country are facing higher prices because of inflation created not only by pandemic-related supply chain problems, but by giant corporations taking advantage of economic conditions to pass on higher prices to consumers. She also said that leadership from the Federal Reserve is needed on a possible U.S. bank digital currency in order to provide an alternative to volatile cryptocurrencies

and benefit financial inclusion and promote national security. In his [opening statement](#), Ranking Member Patrick McHenry (R-NC) criticized Congressional Democrats and the Biden Administration for its policy agenda that he argued is contributing to inflation. “America is facing the worst inflation we’ve seen in four decades because of Democrats’ reckless spending,” he said. “Instead of a course correction, House Democrats keep hoping to convince the Senate to take up nearly \$2 trillion in new spending through Build Back Better—or whatever they’re going to call it. This would only make rising prices worse for families across the country.”

In his [testimony](#), Federal Reserve Board of Governors Chairman Pro Temp Jerome Powell said that the implications of the Ukrainian conflict on the U.S. economy are highly uncertain and the central bank will be monitored the situation closely. He said that the Omicron variant caused some slowing of economic activity earlier this year, but the slowdown seems to have been brief. Chairman Powell said that he understands inflation is running well above the Fed’s 2 percent objective and that high inflation causes significant hardship, especially on those least able to meet the higher costs of essentials. He indicated that the Fed is attentive to the upward pressure on inflation expectations and that the central bank will use its policy tools as appropriate to prevent higher inflation from becoming entrenched. He referred to the Ukraine crisis again at the end of his testimony, saying that “making appropriate monetary policy in this environment requires recognition that the economy evolves in unexpected ways.” He stated that the Fed will need to be nimble in responding to incoming data and the evolving outlook.

For additional coverage, including an archived webcast of the hearing, visit the [committee website](#).

## FSA Releases Electronic Announcement Defining ISAs as Private Loans

Today, the U.S. Department of Education’s Office of Federal Student Aid (FSA) issued an [Electronic Announcement](#) clarifying that income share agreements (ISAs) used to finance expenses for postsecondary education are private education loans. The announcement says that the Consumer Financial Protection Bureau (CFPB) recently issued a [Consent Order](#) against a student loan originator for misleading borrowers about ISA, failing to provide required disclosures, and violating the prohibition against prepayment penalties for private education loans. The CFPB concluded in its Consent Order that a student loan originator’s ISAs are private education loans under the Truth in Lending Act (TILA) and its implementing Regulation Z. In addition to clarifying that ISAs are provide loans under the

Department's policies and procedures, the announcement reminds institutions of higher education of their obligations when recommending, promoting, or endorsing private education loans under 34 C.F.R. Part 601. This includes providing specific disclosures to borrowers of private education loans, reporting related information to the Department, and complying with critical protections and prohibitions against conflicts of interest.

## Kentucky House Democrats Introduce Student Loan Servicing Legislation

Earlier this year, Kentucky House Democrats introduced [House Bill 53](#), which would establish comprehensive licensing requirements for student loan servicers and requirements for student loan servicing activities in the state. Under the bill, student loan servicers who operate in Kentucky need to be licensed through the Department of Financial Institutions. The definition of servicing is broad, and includes interacting with a student loan borrower with the goal of helping he or she avoid default. Similar to statutes in other states, servicers of federal student loans do not need to obtain a license, but are subject to the servicing requirements in the bill. The legislation includes a list of prohibited practices, including employing any scheme to defraud or mislead a borrower, engaging in any unfair or deceptive practice, misapplying payments, failing to respond to borrower complaints, and providing inaccurate information to credit bureaus. The bill also includes requirements on the crediting of payments, the processing of overpayments and partial payments, and late fees. Borrowers filing request or payment disputes are protected from negative consequences for 60 days. The proposed law would authorize the Commissioner to fine federal and private student loan servicers for violations as well as create a private right of action for failure to comply. Treble damages are authorized for interfering with a borrower's right to an alternative payment arrangement, loan forgiveness, loan cancellation, loan discharge, or any other financial benefit as established under the terms of the borrower's promissory note or under the Higher Education Act. The bill has 10 cosponsors and has been referred to the Committee on Committees.

## U.S. Department of Education News

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

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## General News

[Inside Higher Ed](#) publishes findings from its annual survey of college and university presidents, which found that they are generally confident their institutions of higher education are prepared for the future. The survey also found that more than three-quarters of presidents are optimistic about their institution's financial outlook.

[NPR](#) reports that some higher education advocates are calling on the U.S. Department of Education to hold the executives from DeVry University accountable in light of the agency's recent actions to forgive some federal student loans.

[Inside Higher Ed](#) reports that a new organization, the Workforce Talent Educators Association, joins a growing number of groups working to recognize colleges and universities that do a good job of preparing students for joining the workforce.

[Business Insider](#) reports that House Republicans warned the President against providing broad-based federal student loan forgiveness, claiming that blanket relief would cost taxpayers and ultimately hurt the economy.

[Higher Ed Dive](#) reviews survey data from the American Federation of Teachers), which found that adjunct and contingent faculty at colleges and universities are consistently underpaid and have little job security—two factors that worsened during the pandemic.

[AP](#) reports that Dominion Energy recently partnered with The Hispanic Association of Colleges and Universities on a \$2 million initiative that will provide colleges with funding to create STEM-focused summer programs for students.

[Higher Ed Dive](#) reports that a settlement has been reached in a case alleging that Argosy University engaged in false marketing. Former students will receive \$2.1 million in debt relief as part of the settlement.

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