



DAILY BRIEFING

Monday, March 7, 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](#).

White House Chief of Staff Klain Says President

Considering Another Extension of Federal Student Loan Payment Pause

Last week, White House Chief of Staff Ron Klain gave an [interview](#) to the Pod Save America podcast where he signaled that the White House is considering extending the pause on federal student loan payments again before it expires on May 1, 2022. “The President is going to look at what we should do on student debt before the pause expires, or he’ll extend the pause...Joe Biden right now is the only president in history where no one’s paid on their student loans for the entirety of his presidency,” Mr. Klain said. He added that the White House would make a decision on whether to use executive action to cancel student loan debt “before the payments resume.” In the podcast, Mr. Klain linked the Biden Administration’s decision-making on whether to cancel federal student loan debt to the resumption of student loan payments. “Right now, people aren’t having to pay on their loans and so I think dealing with the executive branch question – what we should do about that, what his powers are, how much we should do on that – that’s something we’re going to deal with later on,” Mr. Klain said in the interview.

Mr. Klain’s remarks are the clearest public comments from any Biden Administration official in recent weeks indicating that the U.S. Department of Education may further extend the freeze on federal student loan payments, interest, and collections that began in March 2020 but has been extended repeatedly over the last two years. When asked about Mr. Klain’s comments, White House Press Secretary Jen Psaki said the White House is reviewing an extension. “That is obviously something we will continue to assess and review as we get closer to May. Typically, there’s a period where you need to decide, or you at least need to convey to the lenders what they should prepare for, but I don’t have anything to predict at this point in time,” she told reporters. For more coverage, see this article from [The Hill](#).

Consumer Groups Send Letter to President Urging Extension of Federal Student Loan Pause

Today, the Student Borrower Protection Center (SBPC) and other consumer groups wrote a [letter](#) to President Joe Biden urging him to extend the pause on federal student loan payments before it expires in May 2022. The letter tells the President that federal student loan payments should not resume until the Biden Administration has fully delivered on the promises made during the campaign to borrowers to fix the student loan system and cancel a substantial amount of federal student debt. “It is critical that your

Administration continue to deliver on your promises made to student loan borrowers and their families before ending the pause in payments and collections,” the letter says. “Borrowers need immediate relief from the crushing burdens of massive student loan debt as the pandemic exacerbates financial strain for all Americans and throws existing racial disparities in wealth and educational attainment into especially stark relief.” The letter highlights recent polling from the Student Borrower Protection Center and Data for Progress that revealed 69 percent of likely voters support the continued pause on federal student loan payments, including majorities of Democrats, Republicans, and Independents. The letter says that these results underscore the need for the administration to delay the planned restart of federal student loan payments.

Student Borrower Protection Center Investigation Finds For-Profit School Students Targeted by “Buy Now, Pay Later” Products

Last week, the Student Borrower Protection Center released the [results](#) of an investigation in which the organization found that emerging point-of-sale lending firms are driving students toward lightly regulated loan products and “propping up a startling array of questionable for-profit schools.” This report includes findings that lending firms, and particularly those in the “Buy Now, Pay Later” (BNPL) space, are driving students toward loan products that lack many of the key protection’s consumers rely on in other financial markets and involve a range of hidden fees and other hazards. The review identified over 100 for-profit schools that market point-of-sale financing, particularly institutions in the tech-focused “bootcamp” space. The report alleges that PayPal has failed to rein in bad practices that the center and its partners have previously released at the intersection of point-of-sale student loan debt and schools. Instead, the investigation found that some institutions of higher education continue to add PayPal’s revolving credit product—PayPal Credit—as a tuition financing option, and that many schools have also begun to offer PayPal’s BNPL product as a form of student loan.

Federal Reserve Releases Consumer Credit Report, Finds Student Loan Balances Jumped in January

Today, the Federal Reserve released its monthly [Consumer Credit - G.19 Report](#), which shows that consumer credit increased at a seasonally adjusted annual rate of 1.9 percent in January 2022. According to the report, revolving credit, which consists mostly of credit card debt, decreased at an annual rate of 0.3 percent, while nonrevolving credit, which

consists mostly of auto and student loans, increased at an annual rate of 2.5 percent. Total outstanding consumer credit stood at \$4.441 trillion at the end of January, a modest increase from December. Nonrevolving debt owned by the federal government (mostly Direct Loans) increased by \$17.6 billion in January, presumably reflecting loan disbursements for the spring semester, meaning that direct Lending accounted for more than twice the overall increase in consumer credit during the month.

U.S. Department of Education News

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

The following announcement was posted to Federal Student Aid's Knowledge Center website:

- [\(GENERAL-22-13\) Quarterly SAIG Message Class File Update](#)

Member News



ConServe [announced](#) that the company has once again earned a spot-on Training

magazine's 2022 Training APEX Awards. The Training APEX Awards ranking is determined by assessing a range of qualitative and quantitative factors, including financial investment in employee development, the scope of development programs, how closely such development efforts are linked to business goals and objectives, and their effectiveness in terms of business impact.



The Kentucky Higher Education Assistance Authority (KHEAA) released its [Financial Aid Tips for Students – March 2022](#), which states that students and parents should take FAFSA [Free Application for Federal Student Aid] verification seriously “Verification ensures that students who really need

financial aid to pay for college or technical training receive it,” Gov. Andy Beshear said. “Students chosen for verification must complete the process before they can receive financial aid, so families should prepare to provide the requested information as quickly as possible.” KHEAA also released its [Money Tips for Students – March 2022](#), which states that Kentuckians who are borrowing their first federal student loans for the coming academic year must complete entrance counseling.



notifying affected lenders and servicers that the Illinois Student Assistance Commission’s Federal Family Education Loan Program guaranty portfolio has been assigned to ECMC, effective May 1, 2022.

Educational Credit Management Corporation (ECMC) [announced](#) that it is

General News

[Business Insider](#) reports that federal student loan borrowers are fighting for debt forgiveness through bankruptcy in court, but the U.S. Department of Education continues to oppose their requests. Advocates are urging the Department to halt its opposition until it can implement needed reforms.

[Diverse Issues in Higher Education](#) includes an op-ed by St. Edward’s University President Dr. Montserrat Fuentes who argues that it is time to double the Pell Grant because all

students deserve a transformative higher education.

[Truthout](#) reports after White House Chief of Staff Ron Klain confirmed that President Joe Biden is considering further extending a pandemic-related pause on federal student loan payments, lawmakers and activists renewed calls for debt cancellation.

[Forbes](#) reports on five ways that student and parent borrowers can get \$0 student loan payments.

[Higher Ed Dive](#) reports that Amazon's 750,000 hourly employees now have access to a fully funded college education. The e-commerce giant recently announced its partnership with more than 140 national and local academic institutions.

[Fortune](#) reports that almost half of millennials are so scared of debt they are putting off buying a house. Several factors are playing into this big generational difference about debt aversion, but part of it is student loans. Millennials just have more of them.

[Higher Ed Dive](#) reports that colleges and universities are offering both international and domestic students support and resources, like counseling and advising, in the wake of Russia's invasion of Ukraine.

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