NCHER DAILY BRIEFING

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In Today's Edition

- House and Senate Education Committee Chairs Call on President to Extend Federal Student Loan Payment Pause Until 2023
- Federal Reserve Completes Two-Day Meeting, Raises Rates in Aggressive Move Against Inflation
- AARC Welcomes Enactment of Libor Transition Legislation
- Strada Report Examines the Value of Access to Paid Internships
- Education Trust Report Includes Recommendations for States to Reduce Barriers to Higher Education for Incarcerated Students
- U.S. Department of Education News
- General News

House and Senate Education Committee Chairs Call on President to Extend Federal Student Loan Payment Pause Until 2023

Today, House Education and Labor Committee Chairman Bobby Scott (D-VA) and Senate Health, Education, Labor, and Pensions Committee Chairwoman Patty Murray (D-WA) issued statements calling on President Joe Biden to extend the federal student loan payment, interest, and collections pause until 2023. In her statement, Chairwoman Murray said linked the federal student loan payment pause to the overall student loan system. "...The student loan system is broken. It is ruining lives and holding people back.

Borrowers are struggling with rising costs, struggling to get their feet back under them after public health and economic crises, and struggling with a broken student loan system—and all this is felt especially hard by borrowers of color.," she said. In addition to extending the payment pause, Chairwoman Murray put forth recommendations to reform the federal student loan system, including an extension of the time-limited waiver of the Public Service Loan Forgiveness Program, making income-driven repayment more accessible to struggling borrowers, and forgiving some debt for all borrowers while prioritizing those struggling the most. In his **statement**, Chairman Scott largely echoed the Murray's statement saying that, "By extending relief for student loan borrowers, the Biden-Harris Administration would strengthen our economic recovery and provide student loan borrowers more time to prepare for loan repayment." The White House has yet to make a definitive statement on whether the federal student loan payment pause, which is currently set to expire on May 1, will be extended. However, most observers expect an announcement to be forthcoming soon.

Federal Reserve Completes Two-Day Meeting, Raises Rates in Aggressive Move Against Inflation

Today, the Federal Reserve completed the two-day meeting of its Federal Open Market Committee (FOMC) where it decided to raise the target range for the federal funds rate 25 basis points to ¼ to ½ percent, marking the first time that the FOMC has decided to raise the rate since 2018. Unlike recent meetings that have been unanimous, James Bullard dissent saying that he would have voted for a 50 basis point increase in the federal funds rate. In a **statement** following the meeting, the FOMC stated that it hoped the decision to increase the target range for federal funds would help return the rate of inflation to its 2 percent objective over the long run. The committee also stated that it expects to begin reducing its holdings of Treasury securities and agency debt as well as agency-backed securities at an upcoming meeting. The FOMC cited that these changes are due in part to the invasion of Ukraine by Russia, and said that, "The implications for the U.S. economy are highly uncertain, but in the near term the invasion and related events are likely to create additional upward pressure on inflation and weigh on economic activity."

In conjunction with the statement, the FOMC published its **economic projections** from the March 15–16 meeting, which reflect the projections of Federal Reserve Board members and Federal Reserve Bank presidents. Members projected that the federal funds rate will be 0.9 percent at the end of 2022, which implies that there will be three 25 basis point increases during 2022. Additionally, the committee projected that the federal funds rate will reach 2.8 percent by the end of 2023, which implies that there will be four 25 basis point increases during 2023. The projections also suggest that Gross Domestic Product (GDP) growth in 2022 will be at 2.8 percent, which is down from a 4 percent projection in December of 2021. The unemployment projection for 2022 remained unchanged from the December 2021 projection at 3.5 percent. The committee also believes that core inflation will be 4.1 percent this year and 2.6 percent in 2023.

The next meeting of the FOMC is scheduled for May 3- 4, 2022. For more coverage of the FOMC decision, see this article from **The Wall Street Journal**.

AARC Welcomes Enactment of Libor Transition Legislation

On Tuesday, following the President's signing of H.R. 4271, the Consolidated Appropriations Act for Fiscal Year 2022, the Alternative Reference Rates Committee (ARRC) released a **statement** saying that the new law represents a vital step to protecting investors, businesses, and consumers from risks associated with the transition away from the London Interbank Offered Rate (LIBOR). The ARRC said that the legislation, which follows an approach it originally proposed, provides a targeted solution for financial contracts that mature after the cessation of LIBOR in mid-2023 and have no effective means to replace LIBOR upon its cessation. It also provides a safe harbor to lenders if they choose the Secured Overnight Financing Rate (SOFR) in contracts where a party has the discretion to select a successor rate. ARRC Chairman and Morgan Stanley Vice Chairman of Institutional Securities Tom Wipf said: "The passage of this legislation builds on the considerable momentum we've seen so far in 2022, as financial markets continue to transition to SOFR. We urge all market participants to remain focused on this vital work in this final stage of the transition."

Strada Report Examines the Value of Access to Paid Internships

Today, Strada Education Network released a report titled, **Public Viewpoint: The Power of Work-Based Learning**. The report draws upon data from the U.S. Department of Education's Baccalaureate and Beyond Longitudinal Survey, the 2021 Strada-Gallup Education Survey, and the 2021 Strada-College Pulse Survey to compare economic and non-economic outcomes of alumni that experienced work-based learning and those that did not. Strada noted that less than one-third of recent graduates were able to participate in a paid internship and disparities persist for women, people of color, first-generation, and low-income graduates. With this statistic framing the report, Strada highlighted four main findings:

- College students who completed a paid internship during college have higher paying jobs one-year post-graduation than students who did not complete a paid internship.
- Work-based learning is tied to non-economic success post-graduation: students who had a work-based learning experience in college reported greater career satisfaction.
- Students who have had a paid internship report greater confidence in their career and the value of their education.

Strada concludes that there are unique benefits to paid internship and work-based learning experiences. But these opportunities must be scaled and made more accessible to all students, especially those less likely or able to participate.

Education Trust Report Includes Recommendations for States to Reduce Barriers to Higher Education for Incarcerated Students

The Education Trust recently released a new report titled, Beyond the Ban: A Toolkit for Advancing College Opportunity for Justice Impacted Students, which analyzes state support for current and formerly incarcerated students in California, Illinois, Louisiana, New York, Michigan, Ohio, Tennessee, and Texas. The research featured in the report was led by the Justice Fellows Policy Program, a group of formerly incarcerated individuals that advise the Education Trust on prison education policies. After analyzing education programs for current and formerly incarcerate students, the report provides each state with a toolkit to help policymakers and advocates most effectively support justice-impacted students. The Education Trust and the Justice Fellows also provided eight broad policy recommendations:

- Rescind all barriers that prevent formerly and currently incarcerated students from receiving state financial aid.
- Allow students to earn equivalent good time credit, as they do for participating in other correctional rehabilitative programs.
- Provide resources and supports to institutions of higher education that enroll justice-impacted students.

- Implement a streamlined process for incarcerated students to retrieve their birth certificate, state ID, and driver's license.
- Make formerly incarcerated individuals eligible for state and federal programs that provide support for basic needs such as food, housing, and health care.
- Ban public and private colleges and universities from asking about an individual's criminal history on initial admissions applications.
- Ban public and private employers from asking about criminal history on initial job applications.
- Give currently and formerly incarcerated individuals the right to vote.

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-22-14) FSA Enforcement Bulletin, March 2022 – Substantial Misrepresentations When Recruiting Servicemembers and Veterans
- Comment Request: Direct Loan Master Promissory Note (MPN) and Related Forms

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General News

Marketplace publishes a column reviewing the federal student loan repayment pause and notes that the jury is still out on the $1.6 trillion in student loan debt.

The Hill reports on what happens if President Joe Biden cancels federal student loans. The move would likely cost the federal government trillions of dollars and raise larger questions around the President's authority. But erasing student debt could be life-changing for 43 million Americans.

Bankrate reports on private lenders that will refinance the loans of students with no degree.

The Chronicle of Higher Education publishes a column examining how higher education's great resignation falls along race and gender line. Many of the sector's labor shortages are concentrated in jobs largely held by women and members of underrepresented groups.

Higher Ed Dive reports that, even as research-oriented public colleges raised tuition rates in recent years, low-income students enrolled at those institutions paid less to attend, according to a new working paper from the National Bureau of Economic Research. This suggests public research universities provided more financial aid to students as they increased their sticker prices.

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