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## Department of Education Releases Proposed Rule Creating New Income Driven Repayment Plan; Requests Comments on Identifying “Low Value” Postsecondary Education Programs

Today, the U.S. Department of Education released a [Notice of Proposed Rulemaking \(NPRM\)](#) that would change how borrowers repay their federal student loans, including lowering their monthly payments. The proposed regulation would amend the current Revised Pay as You Earn Plan while phasing-out new enrollments and imposing new requirements for borrowers in the Pay As You Earn, Income-Contingent Repayment, and Income-Driven Repayment (IDR) Plans. Under the proposed regulation, a student loan

borrower who makes less than \$30,600 annually would not be required to make monthly payments on their federal student loans, which is close to the annual earnings of a borrower making \$15/hour. This is a change from current repayment plans where borrowers making \$20,400 annually do not have to repay their loans. The NPRM says that borrowers who have undergraduate loans will pay five percent of their discretionary income while borrowers who have graduate loans will pay ten percent of their discretionary income. If borrowers have both undergraduate and graduate loans, the percentage payment will be based on a weighted average between five and ten percent. The proposed rule says that, while borrower monthly payments can be first applied to interest, the Department will stop charging unpaid monthly interest. The NPRM includes provisions that would forgive any remaining loan balance after 20 years of repayment (unless the amount loan debt is \$12,000 or below where the repayment period will be 10 years).

"We're making a new promise to today's borrowers and for generations to come," Education Secretary Miguel Cardona said in a [press release](#). "Student loan payments will be affordable. You won't be buried under an avalanche of student debt. And you won't be saddled with a lifetime of debt. This is a promise to students who dream of a college degree." The department will be taking public comment on the proposed regulation for 30 days and plans to finalize the rule later this year.

In conjunction with the NPRM, the Department also published a [Request for Information \(RFI\)](#) seeking comment on how the federal government should identify "programs that provide the least financial value in the country." The RFI says that the Department will collect information and comments for thirty days on how it should create a list of these programs. Once a list of programs has been published, institutions of higher education with programs on the list will be required to submit an improvement plan to the agency on how to improve their financial value.

For additional information on the NPRM, see the following articles:

- [Student loan repayment plan proposed by Biden could cut monthly bills in half, with some borrowers paying \\$0 \(msn.com\)](#)
- [Biden's student loan plan could reduce how much people pay and for how long - ABC News \(go.com\)](#)
- [New Student Loan Repayment Changes Announced: Here's What Borrowers Need To Know \(forbes.com\)](#)

- [White House announces new plans to possibly lower, pause student loan payments \(nbcnews.com\)](#)
- [Biden Uses IDR as Backdoor to Free College | Committee on Education & the Workforce \(house.gov\)](#)

## House Republicans Select Rep. Foxx to Serve as Chair of House Education and the Workforce Committee, Rep. Smith as House Ways and Means Committee Chair

Last night, the House Republican Steering Committee selected Rep. Virginia Foxx (R-NC) as the next Chair of the House Education and the Workforce Committee (formerly the Education and Labor Committee). Both Rep. Foxx and Rep. Tim Wahlberg (R-MI) gave presentations to the panel. The Steering Committee ultimately selected Rep. Foxx after it also provided her in December with a waiver from an internal House Republican rule that limits members to two terms as chair or ranking member of a committee. Chairwoman Foxx has promised to conduct oversight of the Biden Administration's actions on labor and education issues, including the U.S. Department of Education's federal student loan forgiveness program. "I am deeply honored by the trust placed in me by my colleagues to chair a committee whose work touches the lives of every American," said Chairwoman Foxx in a [statement](#). "I do not take this trust or responsibility lightly. I will use my position to protect the rights of workers, job creators, students, and parents. To officials in the Biden administration: think about investing in a parking space on Capitol Hill—you will be here often. Conducting vigorous and sustained oversight of the federal government, especially the Departments of Education and Labor, will be among my top priorities." Rep. Foxx's appointment now heads to the full House Republican Conference for final approval, but that action is more a formality. Separately, the Steering Committee selected Rep. Jason Smith (R-MO) to serve as the next Chair of the House Ways and Means Committee, which has jurisdiction over tax policy such as 529 College Savings Plans and tax-exempt financing. Rep. J. Smith beat out Rep. Vern Buchanan (R-FL) and Rep. Adrian Smith (R-ME) for the position.

For further coverage, see this article from [The Hill](#).

## House Passes Rules Package for 118th Congress

On Monday night, the U.S. House of Representatives passed [House Resolution 5](#), which includes the chamber's rules for the next two years. In the past, the House has passed its

rules package as a routine step in setting up the new Congress. This year, because of recent negotiations involving Speaker Kevin McCarthy (R-CA) and conservative Republicans, the rules package includes a number of new provisions that will govern the chamber's operations. For example, the rules package would require legislation to focus on a single subject as part of an effort to reign in large, multi-issue bills. The rules package also would allow a single lawmaker to force a vote on a "motion to vacate the chair" which, if passed, would remove Rep. McCarthy as Speaker and rename the House Education and Labor Committee as the House Education and the Workforce Committee. The package would also restate a rule repealed by House Democrats when they took the majority that legislative text must be released at least 72 hours prior to a floor vote, repeal the "Gephardt rule" that has allowed the chamber to avoid a floor vote on the debt ceiling by automatically sending a measure to extend the debt limit to the Senate upon adoption of the budget resolution; and require mandatory spending increases to be offset with equal or greater decreases in mandatory spending while excluding revenue increases from the calculation.

For further coverage, see this article from [Roll Call](#).

## Treasury Secretary Yellen Commits to Remain in Post

Several media outlets are reporting that Treasury Secretary Janet Yellen has told the President that she will remain in her post for the next two years as the White House faces growing challenges, including the need to raise the nation's borrowing limit. The future of Secretary Yellen has been the subject of internal chatter for months, beginning last year as inflation soared and the White House struggled to deliver a coherent economic message. At that time, Secretary Yellen drew criticism for acknowledging that she had been mistaken in believing that inflation would be "transitory," a view that was shared by Federal Reserve Chair Jerome Powell and many others. But in recent months, inflation has eased, Democrats performed surprisingly well in the midterm elections, and pressure to make sweeping changes to the Biden Administration's economic team waned. Secretary Yellen agreed to the request to stay on as head of the U.S. Department of Treasury and the administration's top economic policymaking post during a recent one-on-one meeting.

Sources say that Secretary Yellen had considered leaving for family reasons and because the Treasury Secretary job is highly political and would become more so with Republicans in control of the U.S. House of Representatives. But she remains energized about the implementation of policies enacted during President Joe Biden's first two years. "There is

a lot to do and a lot of it is going to be very hard, and it's good for the world that Janet is still going to be there to do it," said a White House official. For further coverage, see this article from [Politico](#).

## 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:

- [Comment Request: Federal Direct Loan Program Regulations for Forbearance and Loan Rehabilitation](#)
  - [\(GENERAL-23-02\) Reminder – Reporting Deadline for Section 117 of the Higher Education Act of 1965 and Comment Period for Notice of New Information Collection Request](#)
  - [\(CB-23-01\) Deadline for 2023–24 Underuse Penalty Waiver for the Campus-Based Programs is Feb. 6, 2023](#)
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## General News

[Yahoo Finance](#) provides further coverage of the U.S. Department of Justice's brief to the U.S. Supreme Court expressing concern that overruling the U.S. Department of Education's federal student loan forgiveness program could set a bad precedent for ruling on almost every federal action.

[Inside Higher Ed](#) reports that higher education experts disagree on whether the HEROES Act authorizes the U.S. Department of Education's federal student loan forgiveness program.

[insideARM](#) reports that the Consumer Financial Protection Bureau recently issued its Fall 2022 Rulemaking Agenda, which includes six new items, many of which impact nonbanks.

The National Association of Student Financial aid Administrators recently sent a [letter](#) to the U.S. Department of Education asking whether the new 2024-2025 FAFSA [Free Application for Federal Student Aid] will be ready by October 1st, as currently planned.

[The Guardian](#) publishes an op-ed by Sen. Bernie Sanders (I-V) on how to address the nation's education and healthcare issues as he assumes Chair of the Senate Health, Education, Labor, and Pensions Committee.

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