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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 and Speaker McCarthy Reach Deal to Raise Debt Ceiling, Includes Restart of Federal Student Loan Payments

Over the weekend, the White House and House Speaker Kevin McCarthy (R-CA) reached an agreement on [the Fiscal Responsibility Act](#), which would raise the ceiling on the national debt through 2025. The U.S. Department of Treasury estimates that the United States will no longer be able to pay its financial obligations on June 5th. In addition to raising the debt ceiling, the legislation would limit overall discretionary spending for the next two fiscal years; rescind nearly \$30 billion in unspent COVID-19 relief aid, including any unobligated funds from the \$91 million provided to Federal Student Aid (FSA) for student aid administration purposes included in the American Rescue Plan Act; and require the U.S. Department of Education to restart federal student loan payments no later than the end of August. If Congress does not complete the annual appropriations process before January 1, 2024, the bill would enact an automatic Continuing Resolution to prevent a shutdown of the federal government and implement a 1 percent funding cut to both defense and non-defense discretionary funding programs. The legislation would also rescind funding for the Internal Revenue Service included in the Inflation Reduction Act passed last year and increase work requirements on able-bodied workers that receive SNAP nutrition services.

According to Politico, the bill's provisions to restart federal student loan payments curtails the White House's potential options for responding to a possible ruling by the U.S. Supreme Court in the coming weeks to block its federal student loan forgiveness plan. Progressives and student debt activists have said that payments on federal loans should remain paused at least until the Biden Administration is able to deliver on loan forgiveness promised last year. But White House officials see the deal as codifying into law what the Department had already been planning to do, which was to resume collecting payments at the end of August. In recent weeks, Education Secretary Miguel Cardona said publicly that he was committed to that timeline and that the agency was already preparing for the resumption of payments this fall. "Despite Republicans' efforts to end targeted student debt relief and move up our planned end to the payment pause, we will ensure a smooth return to repayment process," Secretary Cardona said on Twitter on Sunday. He added that the "deal also protects our ability to pause student loan payments should that be necessary in future emergencies."

The U.S. House of Representatives is expected to consider the Fiscal Responsibility Act on Wednesday, though there is some concern that Speaker McCarthy may not be able to deliver a majority of Republican votes needed to pass the bill. The House Freedom Caucus officially came out against the debt ceiling agreement today and cited the federal student loan forgiveness program as one of the many areas where the bill does not go far enough in achieving conservative priorities. Rep. Scott Perry (R-PA), chair of the caucus, said he was disappointed that the “student loan bailout” was left in tact under the deal. “Biden forgives, you pay,” he said. “None of that changes.” The deal “upholds Joe Biden’s student loan transfer scheme,” Rep. Andrew Clyde (R-GA) told reporters.

For additional coverage, see these articles from [Politico](#) or [The Hill](#).

Senate Prepares Vote on CRA Resolution Overturning Federal Student Loan Forgiveness, Repayment Pause

This week, the U.S. Senate is expected to consider [House Joint Resolution 45](#), which uses the Congressional Review Act (CRA) to overturn the U.S. Department of Education’s federal student loan forgiveness plan and the recent extension of the pause on federal student loan payments and interest. The resolution, which may be considered as early as tomorrow, passed the U.S. House of Representatives by a vote of 218-203 last week. The vote was along party lines with the exception of two Democrats, Rep. Jared Golden (D-ME) and Rep. Marie Gluesenkamp Pérez (D-WA), who voted with Republicans. As previously reported, the CRA will allow Republicans to force a floor vote on the joint resolution in the Democrat-controlled chamber and pass it with a simple majority. However, it is unclear whether the resolution has the support of a few moderate Democrats who would be needed to pass the legislation. The Congressional Review Act limits Senate debate on resolutions to 10 hours, though lawmakers could reach a timing agreement that reduces that time.

Today, Senate Health, Education, Labor, and Pensions Committee Ranking Member Bill Cassidy (R-LA) and Senate Budget Committee Ranking Member Chuck Grassley (R-IA) wrote an [op-ed for Fox News](#) where they said that the loan forgiveness plan, which the Congressional Budget Office has estimated would cost roughly \$400 billion, was among the “most egregious” examples of excessive government spending during the Biden Administration. The White House has said that the President would veto the legislation if it passes Congress. “This resolution is an unprecedented attempt to undercut our historic economic recovery and would deprive more than 40 million hard-working Americans of much-needed student debt relief,” the White House Office of Management and Budget

said in a statement last week.

House Education and the Workforce Committee Members Begin “Formal Talks” on Legislation Expanding Pell Grants to Short-Term Programs

Last week, a House Education and the Workforce Committee Democratic aide said that negotiations have started between Republicans and Democrats on legislation to expand eligibility for Pell Grants to short-term programs. However, a Republican committee aide said there have been informal talks, but no formal negotiations yet. While there is broad bipartisan support for seeing Pell Grants extended to short-term workforce programs, there remains disagreements on what programs should be eligible for federal financial aid for low-income students. Earlier this year, Committee Chairwoman Virginia Foxx (R-NC) introduced the Promoting Employment and Lifelong Learning (PELL) Act, which would require eligible programs to show that they provide a positive return on investment for students and taxpayers, meaning tuition and fees do not exceed a student’s earnings with the new credential. The bill calculates the value-added earnings as the difference between the median earnings of students receiving financial aid and 150 percent of the federal poverty line. In contrast, Ranking Member Bobby Scott introduced the Jobs to Compete Act, which would require workforce programs to show that their graduates are earning more than a high school graduate in their state—similar to the proposed gainful-employment regulations—and have an earnings gain of 20 percent. Institutions of higher education also would have to show that they spend at least 50 percent of their revenue from tuition and fees on instruction, among other requirements. Both bills would expand Pell to eight-week-long job training programs that lead to industry-recognized credentials.

For further coverage, see this article from [Inside Higher Ed](#).

First Lady Jill Biden Gives Speech Promoting Educational Pathways Beyond Four-Year Degrees

Last Thursday, First Lady Jill Biden gave a speech at the Ronald Reagan Presidential Foundation and Institute where she praised the benefits of credentials beyond four-year degrees. In [prepared remarks](#), the First Lady said that the President understands the need to expand credentials beyond four-year degrees, and that the Biden Administration supports options like students taking college-level classes in high school or enrolling in

apprenticeships. “For most people, a high school diploma alone isn’t enough to find a great career,” Dr. Biden said. “But that doesn’t mean there’s only one path to success. That’s why we’re bringing together our entire government...to bridge the gap between learning and earning. Students can take college courses in high school or enroll in Registered Apprenticeships. They can train in growing industries and find great jobs with associate degrees.”

ARRC Releases Read-Out of Recent Meeting Discussing Momentum Towards SOFR

Today, the Alternative Reference Rates Committee (ARRC) released the [readout](#) of its meeting held on May 25, 2023 where it discussed momentum towards SOFR [Secured Overnight Financing Rate], transition-related progress and issues, and use of DTCC’s LIBOR [London InterBank Offered Rate] Communication Tool. During the meeting, the members noted continued progress in the transition from LIBOR to SOFR. In the most recent sentiment survey of ARRC members, respondents continued to characterize the LIBOR transition overall as progressing smoothly or generally smoothly in 2023. Some respondents noted the need for efforts to remediate syndicated loans to accelerate. As shown in the charts, SOFR is predominant across the cash and derivatives markets with SOFR swaps consistently accounting for more than 85 percent of daily volumes on average of interest rate risk traded in the outright linear swaps market since June 2022 while LIBOR swaps have accounted for less than about 10 percent of the overall volume over the same period.

ARRC members also discussed the state of preparation for June 30 and noted that, while market participants are largely prepared, it was important that they continue to communicate rate changes for securities using DTCC’s LIBOR Replacement Index Communication Tool; continue to remediate LIBOR loans and ensure that borrowers and lenders are actively and cooperatively involved in doing so; and be sure they understand their fallbacks, particularly for end users with both derivative positions and cash product positions, and any steps needed to adapt them as well as any time limits on regulatory relief for amending derivatives.

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:

- [\(CB-23-09\) Federal Perkins Loan Program – Deadline Reminder: Mandatory Assignment of Federal Perkins Loans in Default for More than Two Years](#)
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General News

[The New York Times](#) publishes an opinion piece saying that the case against the U.S. Department of Education's federal student loan forgiveness program barely pretends to make sense.

[Michigan Advance](#) reports that Michigan Gov. Gretchen Whitmer recently issued an executive order aimed at relieving student loan strain for borrowers in the state.

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National Council of Higher Education Resources

1050 Connecticut Ave NW #65793

Washington, DC 20035

Phone: **(202) 822-2106**

Fax: (202) 822-2142

MailPoet