



**NCHER**



**BRIEFING**

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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](#).

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## President Biden Vetoes CRA Resolution to Overturn Federal Student Loan Forgiveness Program

Last week, President Joe Biden vetoed [House Joint Resolution 45](#), legislation passed by the House and Senate to use the Congressional Review Act to overturn the U.S. Department of Education's federal student loan forgiveness plan and the extension of the pause on federal student loan payments and interest. In a veto statement, the President called the bill an unprecedented attempt to deny critical relief to millions of their own constituents. "I'm not going to back down on my efforts to help tens of millions and working-class families," President Biden said. "That's why I'm going to veto this bill. And don't forget, some of the same members of Congress who want to cut student aid personally received loans to keep their small businesses afloat during the pandemic." The veto is the fifth of the Biden Presidency. The veto effectively ends the legislative effort to undo the federal loan forgiveness program since Republicans will not be able to win over enough Democrats to override the veto. This leaves the decision expected from the U.S. Supreme Court that is expected later this month on the legality of the loan forgiveness plan as the likely final determination of whether the plan is allowed to move forward.

## Senate Republicans Send Letter to Secretary Cardona Asking Him to Prepare Borrowers and Student Loan Servicers for Repayment Restart

Senate Minority Whip John Thune (R-SD), Senate Health, Education, Labor, and Pensions Committee Ranking Member Bill Cassidy (R-LA), and Senate Appropriations Subcommittee on Labor, Health, Education, and Related Agencies Ranking Member Shelly Moore Capito (R-WV) recently sent a [letter](#) to Education Secretary Miguel Cardona urging the U.S. Department of Education to begin to prepare borrowers and federal student loan servicers for a return to federal student loan repayment without delay. In the letter, the senators specifically ask the Department to "abandon all loan forgiveness activities that were not explicitly directed by Congress, which are an impediment to the smooth resumption of repayment." They asked the Department to respond to several questions about the costs and planning of payment restart before June 21, 2023.

## CFPB Releases Update on Student Loan Borrowers as Payment Pause Set to Expire

Last week, the Consumer Financial Protection Bureau (CFPB) released a new [update](#) on federal student loan borrowers as the pause on loan repayment is set to expire at the end of August. According to the CFPB's Office of Research, 1 in 5 borrowers could struggle with loan repayment when the student loan pause ends later this summer. The report, which analyzed a sample of about 32 million borrowers with outstanding federal student loans, says that many borrowers could fall behind on other debt obligations when payments resume and more than 1 in 13 loan borrowers are currently behind on other bills, an increase from before the pandemic. The share of student loan borrowers with higher monthly non-student loan payments has also continued to rise. Now, half of all borrowers expected to return to repayment have scheduled monthly payments for non-student loan, non-mortgage debts that are at least 10 percent higher than they were before the payment suspension began. The CFPB also said that many federal student loan servicers have changed since the payment pause was first operationalized back in March 2020. More than 14 million borrowers — 44 percent of the Bureau's sample — will have to work with at least one federal student loan servicer that is new to them.

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

## SoFi Submits Joint Filing Dropping Challenge to the Department of Education's Most-Recent Payment Pause Extension

Last week, SoFi and the U.S. Department of Justice (DOJ) submitted a joint court [filing](#) to the U.S. District Court for the District of Columbia saying that the private lender will drop its legal challenge to the U.S. Department of Education's extension of the pause on federal student loan payments and interest issued in November 2022. The decision comes after the President signed the Fiscal Responsibility Act into law that forces the Department to end the payment, interest, and collections pause on August 30, 2023. SoFi and DOJ wrote that in light of the debt ceiling deal becoming law, the case should be dismissed. The joint filing says that "interest will begin to accrue and the obligation to make payments will resume for federal student loans beginning sixty days after June 30, 2023." In a statement, a SoFi spokesperson said that the company was "pleased that the Administration and Congress came to a bipartisan agreement to end the federal student loan payment pause." In March, SoFi had filed the lawsuit arguing that the Biden

Administration's extension of the freeze on student loan payments and interest was illegal and hurting its student loan refinance business. The company had previously lobbied Congress and the administration to restart payments, at least for some borrowers.

## CFPB Releases Issue Spotlight on the Use of Chatbots in Consumer Finance

Last week, the Consumer Financial Protection Bureau released an [Issue Spotlight](#) on the use of chatbots in consumer finance. The Spotlight says that financial institutions are increasingly using chatbots as a cost-effective alternative to human customer service. While student lending and student loan servicing are not mentioned in the Spotlight, it does mention the use of chatbots by mortgage servicers and debt collectors. The Spotlight says that advantages are chatbots are available 24/7 and provide an immediate response to consumers. While chatbots may be useful in resolving basic inquiries, their effectiveness wanes when problems become more complex. The Spotlight states that working with customers to resolve a problem or answer a question is an essential function for financial institutions and that chatbot technology can pose risks, specifically mentioning weaknesses in identifying disputes, leaving the customer in a loop of unhelpful jargon. The Bureau points out that chatbots must comply with all applicable laws, and encourages consumers who believe their rights have been violated to report their information to the Bureau.

## CBO Releases Monthly Budget Review for May, Shows \$48 Billion in Outlays for Department of Education

Last Thursday, the Congressional Budget Office (CBO) released its [Monthly Budget Review - May 2023](#), which found the federal budget deficit was \$1.2 trillion in the first eight months of Fiscal Year (FY) 2023, \$735 billion more than the shortfall recorded during the same period last year. In the report, CBO said that federal revenues were 11 percent lower and outlays were 9 percent higher from October through May than they were during the same period in FY 2022. The report says that outlays of the U.S. Department of Education increased by \$48 billion (or 49 percent), primarily because the Biden Administration recorded the costs associated with the final rule expanding eligibility for loan discharges, eliminating the addition of unpaid interest to loan balances in certain circumstances, and expanding eligibility for the Public Service Loan Forgiveness

program.

## U.S. Department of Education News

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

The following announcements were posted to Federal Student Aid's Knowledge Center:

- [\(GENERAL-23-44\) EFFECTIVE IMMEDIATELY: Updated Fax Number for Federal Pell Grant Overpayment Assignment](#)
- [\(CB-23-10\) Final Form, Instructions, Desk Reference, and Technical Reference for 2024-25 FISAP](#)
- [\(GENERAL-23-43\) Juneteenth National Independence Day Federal Holiday Processing and Customer Service Hours](#)
- [\(GENERAL-23-42\) Title IV Institutional Survey – Web Survey to Begin June 7, 2023](#)
- [\(GENERAL-23-41\) SAIG Message Class File Update](#)
- [Comment Request: Health Education Assistance Loan \(HEAL\) Program: Lender's Application for Insurance Claim Form and Request for Collection Assistance Form](#)
- [Privacy Act of 1974: Matching Program](#)
- [Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Interest Rate Calculations for the Period July 1, 2023 - June 30, 2024](#)

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## General News

[Higher Ed Dive](#) reports on the growing number of states that are requiring high school students to complete the FAFSA [Free Application for Federal Student Aid].

[The Chronicle of Higher Education](#) discusses a new report from the Education Advisory Board that revealed prospective college students increasingly say they feel unprepared for higher education.

[ABC News](#) reports that Americans are bracing for the return of federal student loan payments and “a train wreck” is coming.

[CNBC](#) reports on new data released by UBS showing that 62 percent of student loan borrowers “live for today” when it comes to spending.

[The Washington Post](#) publishes an op-ed saying that the policy argument over the federal student loan forgiveness program should not rest on comparing it with the Paycheck Protection Program and the White House should retire this “lame talking point on student loans.”

An online version of this Daily Briefing is available to view and print from the [Daily Briefing Section](#) of the [NCHER e-Library](#).



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