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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](#).

House and Senate Hope to Make Progress on Spending Bills Before Beginning August Recess, Senate Appropriations Committee Plans to Markup Labor, HHS, ED Appropriations Act on Thursday

Both the U.S. House of Representatives and U.S. Senate are slated to spend the week considering a slew of budget and appropriations bills in the hopes of making enough progress that will allow them to break for the month-long August recess at the end of this week. With the start of the federal fiscal year two months away, the House is expected to consider the first two of its 10 appropriations bills that have cleared the House Appropriations Committee. It will be the first test of whether conservative and moderate Republicans are able to come together to pass spending bills that include deep cuts to many federal programs in an effort to get federal funding down to levels prior to the COVID-19 pandemic. House Speaker Kevin McCarthy (R-CA) is facing pressure from the House Freedom Caucus to hold the line on spending below what the Speaker and President agreed to during recent negotiations on the debt ceiling. The difficulty in passing the spending bills at such low levels is one of the reasons why the House Committee has yet to notice consideration of the Labor, Health and Human Services (HHS), Education, and Related Agencies Appropriations Act, one of the two spending bills that may be punted to September. As previously reported, the legislation provides \$67.4 billion in discretionary funding for the U.S. Department of Education, which is \$12.1 billion (or 15 percent) below the FY 2023 enacted level and \$22.6 billion below the President's budget request.

Meanwhile, the Senate Appropriations Committee announced that it will meet in executive session to mark up its FY 2024 Labor, HHS, Education, and Related Agencies Appropriations Act on Thursday. Committee Chairwoman Patty Murray (D-WA) and Ranking Member Susan Collins (R-ME) have been working in a bipartisan manner using the funding levels agreed to in the Fiscal Responsibility Act and have added billions in emergency spending to their appropriations bills that have sped passage through the upper chamber. The timeline means that the Senate Committee will complete action on its 12 appropriations bills prior to August, the first time in recent memory.

Come September, both the House and Senate Appropriations Committees will have an almost impossible task of reconciling the major differences between the two versions. It is a near certainty that Congress will have to pass a short-term Continuing Resolution to

keep the federal government in operation past October 1st.

For more coverage, see these articles from [Politico](#), [Roll Call](#), and [The Hill](#).

Department of Education Updates Preemption Standard for Federal Student Loans

This morning, the U.S. Department of Education published a [notice in the Federal Register](#) revising and clarifying its position on the legality of state laws and regulations that govern various aspects of the federal student loan program, such as preventing unfair or deceptive practices, correcting misapplied payments, or addressing refusals to communicate with borrowers. The notice revises and supersedes its interpretation of state laws published on August 12, 2021. In the new notice, the Department concludes that state laws are preempted by the Higher Education Act and other applicable federal laws only in limited and discrete respects. For example, states are allowed to enact rules that prohibit federal student loan servicers from misleading borrowers or engaging in other types of misconduct. But states cannot outlaw the operation of a federal loan servicer within their borders and they cannot impose their own requirements that clash so significantly with federal rules that it makes it impossible for a company to comply with both. The Department said that the new interpretation will help facilitate close coordination between the agency and its state partners to further enhance both servicer accountability and borrower protections.

FSA Issues New Guidance on Joint Consolidation Loan Separation Act

Last week, the U.S. Department of Education's Office of Federal Student Aid (FSA) issued new [guidance](#) for federal student loan servicers and Federal Family Education Loan (FFEL) loan holders and servicers on how to implement the Joint Consolidation Loan Separation Act (JCSLA) passed by Congress and signed into law by the President on October 11, 2022. In the guidance, the Department said that it will not fully implement the JCSLA until sometime in late 2024. Until then, borrowers with loans held by the Department may contact their federal student loan servicer to request a forbearance if they want to separate the debt. The forbearance will last for one-year and will renew automatically, and interest will accrue but will not capitalize during the forbearance period. Once the Department releases the application, borrowers will receive a 30-day notice that the forbearance is about to end and that they must submit an application for a

separate consolidation loan. The Department requests that all FFEL holders and servicers offer the same forbearance and payment suspension to joint consolidation loan borrowers in their portfolios who want to separate their debts. Though not a requirement, the Department "strongly encourages" FFEL holders to provide their borrowers with the same benefits provided to Direct Loan borrowers.

Intelligent Poll Finds Student Loan Forgiveness Prospect Led Borrowers to Increase Spending

Intelligent recently released a new [poll](#) that found about 34 percent of eligible borrowers who qualified for potential federal student loan forgiveness reported spending more money on rent, paying off debts, and other expenses based on the expectation of getting their student loan debt canceled by the U.S. Department of Education. The survey found that around 30 percent of these borrowers spent an additional \$5,000 or more. The survey also revealed that 58 percent of respondents are unprepared for the resumption of loan payments in October. The data is based on 977 respondents who responded to a survey between July 6 and July 10, 2023.

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:

- [\(CB-23-13\) Operational Information – Reporting Federal Work-Study Earnings to the COD System Using the Campus-Based XML Schema Version 1.0a](#)
- [\(GRANTS-23-06\) Guidance on COD Processing of Pell Grant Restoration for Eligible Loan Discharges](#)

Member News



The Institute of Student Loan Advisors will host a Student Loan Counseling Boot Camp, a three day session for financial counselors to learn what is needed to counsel their clients with student loan debt to get ready for the restart of repayment. The boot camp will run from August 22-24, 2023. Offered in a nine hour “boot camp,” the program covers:

- Understanding the various federal, private, and other student loan programs.
- Deferments, forbearances, consolidation, and refinancing.
- Repayment options, including the new SAVE repayment plan.

- Public Service Loan Forgiveness and other forgiveness and discharge options, including the regulatory changes that become effective July 1, 2023 and the new hold harmless provision.
- Managing and resolving delinquency and default (includes how to navigate disputes and other resources), including the temporary Fresh Start program.

For more information or to register, click [here](#).

General News

[The Wall Street Journal](#) reports that the new formula for federal student aid will no longer take family size into account, ending sibling financial aid discounts.

[University Business](#) reports on the steps that colleges and universities should take to prepare for upcoming federal regulatory changes, including those resulting from the simplification of the Free Application for Federal Student Aid or FAFSA.

[Bloomberg](#) interviews several Gen Z students about their opinions on the recent decision on federal student loan forgiveness issued by the U.S. Supreme Court.

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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