NCHER BRIEFING

Thursday, July 27, 2023

In Today's Edition

- Senate Appropriations Committee Approves Labor, Health and Human Services, Education Appropriations Act
- House Education and the Workforce Subcommittee Holds Hearing on Lowering Costs and Increasing the Value of Colleges for Taxpayers
- Department of Education Discharges $130 Million in Student Loan Debt for Borrowers from CollegeAmerica
- Sen. Warren Sends Letter to DOJ Asking for Update on Implementation of Bankruptcy Guidance
- Federal Reserve Raises Federal Funds Rate by 25 Basis Points
- U.S. Department of Education News
- Member News
- General News

Senate Appropriations Committee Approves Labor, Health and Human Services, Education Appropriations Act

Today, the Senate Appropriations Committee met in executive session and approved its version of the Fiscal Year 2024 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act by a 26 to 2 vote. According to a summary released by the committee, the legislation would provide $79.6 billion in discretionary funding for the U.S. Department of Education, increase the maximum award for the Pell Grant program by $250 bringing it to $7,645 for the 2024-2025 school year, and maintain investments in a range of other programs including TRIO, GEAR UP, and Postsecondary Student Success Grants.

The bill is also reported to increase funding for the Office of Federal Student Aid (FSA) by $150 million or 7 percent, bringing the total to nearly $2.2 billion, and allow the Department to transfer up to $218 million away from other education programs to support student loan servicing or other FSA operations. The funding is meant to help support borrowers who will have to resume paying their federal student loans this fall for the first time since the beginning of the pandemic. The White House had requested an additional $620 million increase from the current level of funding. In exchange for the funding, the Senate version of the bill would require FSA to provide Congress with summaries of the directives known as "change requests"that it sends to its federal student loan servicers within a week of issuing them.

The committee said that it will release the bill text and committee report later today; those documents can be found here.

House Education and the Workforce Subcommittee Holds Hearing on Lowering Costs and Increasing the Value of Colleges for Taxpayers

Today, the House Education and the Workforce Subcommittee on Higher Education and Workforce Development held a hearing titled, "Lowering Costs and Increasing Value for Students, Institutions, and Taxpayers." The hearing examined how a market-based approach to accountability can help lower college costs, hold institutions accountable, and provide students and taxpayers with a greater return on their investment.

In his opening statement, Subcommittee Chairman Burgess Owens (R-UT) asserted that college has become a requirement "thrust" upon high school students and, often, the results of college investment do not live up to the expectations of students. He noted that the hearing will examine why four-year college is increasingly being viewed as the gateway to the American dream for so many students and to explore solutions for the systemic issue of the devaluation of four-year college experiences. He also argued that restoring the value of a four-year education requires structural reform of the Higher Education Act, suggested that colleges should be treated as stakeholders in students' success rather than observers, and said that students and taxpayers would receive a positive return on investment if colleges had more accountability. In her opening statement, Subcommittee Ranking Member Frederica Wilson (D-FL) stated that a college degree is the surest path to the American dream, especially for students from disadvantaged backgrounds. She said that increased regulation over higher education will save students money and prevent them from spending on "worthless" degrees. She commended the U.S. Department of Education for its work around the new gainful employment regulations and efforts to forgive student loans. She concluded by stating that students benefit when increased accountability measures for colleges are put in place.

For more information on the hearing, including an archived webcast, visit the committee website.

Department of Education Discharges $130 Million in Student Loan Debt for Borrowers from CollegeAmerica

Earlier this week, the U.S. Department of Education announced that it will discharge $130 million in federal student loan debt held by 7,400 student loan borrowers who attended Colorado-based campuses of CollegeAmerica between January 1, 2006, and July 1, 2020. The Department found that CollegeAmerica's parent company, the Center for Excellence in Higher Education (CEHE), made widespread misrepresentations about the salaries and employment rates of its graduates, the programs it offered, and the terms of a private loan product it offered. The Department used evidence provided by Colorado Attorney General Phil Weiser, who led a multi-year investigation and lawsuit against CEHE and its leadership. The evidence presented to the Department revealed that, from 2006 until 2020, CEHE prominently included in its admission and advertising materials that its graduates would earn high salaries but the included data was misleadingly based on national averages. "This announcement means a clean slate for thousands of students hurt by CollegeAmerica's widespread misconduct," said Federal Student Aid Chief Operating Officer Richard Cordray. "The close partnership between the Department of Education and Attorney General Weiser's office made this action possible. We will continue to work to deliver targeted student loan relief to borrowers whose schools take advantage of them." The Department said that borrowers will receive the relief regardless of whether they have filed a borrower defense to repayment application and that they will begin notifying eligible borrowers in August that they are approved for discharges.

Sen. Warren Sends Letter to DOJ Asking for Update on Implementation of Bankruptcy Guidance

Today, Sen. Elizabeth Warren (D-MA) sent a letter to Attorney General Merrick Garland asking for an update on the U.S. Department of Justice's (DOJ) implementation of its guidance issued in November 2022 on discharging student loans in bankruptcy. In the letter, Sen. Warren said that student loan borrowers who struggle with their debt have historically faced challenges utilizing the bankruptcy system to discharge their loans for financial recovery. Under the guidance, she said, borrowers will be required to complete an "attestation form" which provides information about their income and expenses that would enable DOJ attorneys to more easily identify cases that can be recommended for student loan discharge. The letter asks a series of questions and requests a response by August 9, 2023.

Federal Reserve Raises Federal Funds Rate by 25 Basis Points

Yesterday, the Federal Reserve's Federal Open Market Committee (FOMC) concluded its two-day meeting by raising the federal funds rate by 25 basis points. This was the FOMC's eleventh rate increase since March 2022. The new target range for the federal funds rate is between 5.25 and 5.50 percent, which is the highest level in 22 years. In a statement released by the Fed, the FOMC said that it will continue to seek to achieve maximum employment and inflation at the rate of 2 percent over the longer run and that it will continue to assess additional information and its implications for monetary policy. The FOMC said that recent indicators suggest that economic activity has been expanding at a moderate pace, job gains have been robust in recent months, the unemployment rate has remained low, and inflation remains elevated. It also said that tighter credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. Finally, the FOMC noted that it will continue to reduce its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans.

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:

- (GENERAL-23-60) Volume 8 – The Direct Loan Program and Errata Volume 1 – Student Eligibility – Chapter 3 [2023-2024 Federal Student Aid Handbook]

The U.S. Department of Education's Institute for Education Sciences published a report titled, 2019–20 National Postsecondary Student Aid Study (NPSAS:20): First Look at Student Financial Aid Estimates for 2019–20. The preliminary data shows that about 72 percent of undergraduates received some form of financial aid in the 2019-20 Award Year, while 36 percent took out student loans.

Member News

KHEAA, KHELC Names Jo Carole Ellis as New CEO

Today, the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) announced that Jo Carole Ellis of Frankfort has been named the new executive director and chief executive officer of KHEAA and KHESLC. Ellis' appointment was approved by the KHEAA and KHESLC board of directors in a meeting on July 18, 2023.

"I am honored to be entrusted with the leadership of KHEAA and KHESLC and would like to thank the Board of Directors for this opportunity," Ellis said. "I am excited to return to the organizations and look forward to working alongside the board and staff to further their mission of helping Kentucky students and families achieve postsecondary education and success."

Ellis previously worked for KHEAA for 17 years, serving as program director for the Kentucky Education Savings Plan Trust (KESPT) and Kentucky's Affordable Prepaid Tuition (KAPT) programs, student aid branch manager, and government relations director. She most recently served as committee staff administrator at the Kentucky Legislative Research Commission. In that role, she was the administrator of the Education Committee, drafted education-related legislation and advised legislators on education issues. Ellis has a bachelor's in journalism from Eastern Kentucky University.

General News

Politico reports that the restart of federal student loan payments clouds the White House's push to highlight its economic successes ahead of the upcoming campaign. A range of economists and Wall Street analysts are predicting that consumer spending could take a hit as payments return for the first time since the pandemic reprieve began more than three and a half years ago.

The Hill reports that Congressional Democrats are pushing to end legacy admissions. This week, Sen. Jeff Merkley (D-OR) and Rep. Jamaal Bowman (D-NY) teamed up to introduce the Fair College Admissions for Students Act that would end the practice of schools giving a boost in admissions to students who have familial ties to the university.

An online version of this Daily Briefing is available to view and print from the **Daily Briefing Section** of the **NCHER e-Library**.

National Council of Higher Education Resources
1050 Connecticut Ave NW #65793
Washington, DC 20035

Phone: **(202) 822-2106**
Fax: (202) 822-2142