NCHER DAILY BRIEFING

Thursday, September 16, 2021

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House Ways and Means Committee Passes Tax Portion of Build Back Better Act

Yesterday, the House Ways and Means Committee approved the **tax portion** of the Build Back Better Act, by a party-line vote of 24-19. The committee's measure includes several provisions to pay for new spending and tax breaks included in the larger package that is based on the White House's American Families Plan. The bill would raise the corporate tax rate for income above $5 million from 21 percent to 26.5 percent, raise the top individual income tax rate from 37 percent to 39.6 percent, raise the top capital gains rate from 20 percent to 25 percent, and impose a 3 percent surtax on individuals' income above $5 million. The legislation would also provide the Internal Revenue Service with an additional $80 billion to strengthen tax enforcement and modernize its technology. Related to higher education, the draft bill would:

- Exempt room, board, and other expenses funded by the Pell Grant program received by students from gross income for tax purposes.
- Provide a new credit for taxpayers that donate to colleges and universities in lieu of a charitable deduction.

Repeal a rule barring students convicted of drug offenses from claiming the American Opportunity Tax Credit.

- Ease the excise tax on university endowments that was included in the Tax Cuts and Jobs Act of 2017.

After passage of the bill, Committee Chairman Richard Neal (D-MA) touted the legislative proposals, saying the planned investments would make the nation more prosperous, equitable and fair. “Now is not the time to skimp on these investments,” he said. “These are standards that Democrats should be setting. The nation indeed, I believe, is on our side.” Committee Ranking Member Kevin Brady (R-TX) panned the measures as an “economic surrender” to competitors and expressed concerns about inflation. “We believe that our government is wasting so much to kill so many American jobs,” he said. “We will drive prices even higher and hook a whole new generation of poor on government dependency." Republicans offered a series of amendments that highlighted portions of the bill that they disagreed with, but none of them were adopted.
For more coverage, see this article from ***The Hill***.

Congressional Democrats Set to Meet with White House on Government Funding Package

This afternoon, House Speaker Nancy Pelosi (D-CA) and Senate Majority Leader Chuck Schumer (D-NY) are slated to hold a call with President Joe Biden to talk about how to avert a shutdown of the federal government in two weeks, when the start of the federal fiscal year begins on October 1st, and how to address the need to raise the nation’s debt limit, which is expected to be hit sometime in mid-October based on recent data released by the U.S. Department of Treasury. The call is the first concrete steps that Congressional Democrats are taking to put together a plan on how to handle multiple fiscal cliffs over the next month.

On Monday, the House Rules Committee is slated to meet to consider a short-term Continuing Resolution (CR) to keep the federal government in operation past September 30th; the bill is expected to be on the House floor later in the week. The text of the legislation has not been released, but it is expected to extend funding for all federal agencies until December, setting up another critical funding deadline ahead of the holidays. The House and Senate leadership is considering attaching an increase in the debt ceiling to that must-pass legislation, but Republicans have already rejected the approach. A bill that addresses both fiscal threats would likely pass the House, but fail in the Senate where all but four Republicans have promised to vote against raising the debt limit. “The premise that Republicans are not going to vote in any way, shape, form or fashion for a debt limit increase is a correct premise. That would not happen,” Sen. Roger Wicker (R-MS) warned this week.

But Democrats are likely to pair both approaches as they can maximize their leverage over Republicans by forcing lawmakers to either fall in line or go on record against billions of dollars in disaster aid, preventing a shutdown of the federal government, and avoiding a debt default. "The debt limit is something that we should do almost automatically," Sen. Ben Cardin (D-MD) said this week. "So, any opportunity that we have to pass it, the sooner the better. ... Wherever we can get a bill in, I hope we can get the debt ceiling included in it." The nation’s ability to borrow money was reinstated on August 1st. The Department of Treasury has since implemented a number of workarounds to keep paying the federal government’s bills on time, but Treasury Secretary Janet Yellen warned those measures could be exhausted as soon as next month, a scenario that would likely wreak economic havoc.

Department of Education Chief Data Officer Blogs on Insights From HEERF Reporting

The U.S. Department of Education’s Office of the Chief Data Officer Brent Madoo and Chris Bennett recently released a blog post titled, **Drawing Insights from the Higher Education Emergency Relief Fund (HEERF) Reporting for 2020**, which provided interesting information covering Coronavirus Aid, Relief, and Economic Security (CARES) Act spending from between March 13, 2020, and December 31, 2020. As mentioned in the blog, in response to the COVID-19 pandemic, Congress created the HEERF program as part of the Education Stabilization Fund (ESF), administered by the Department. The CARES Act provided approximately $14 billion to the HEERF in March 2020 for both institutional expenditures and emergency financial aid grants to students. Under the CARES Act, institutions of higher education must submit annual performance reports to the Department detailing the uses of funds for both student grants and institutional expenditures. This data was used to develop the insights detailed in the blog. The data show that approximately 54 percent of all eligible students at institutions that received a HEERF Grant received emergency aid. Of the undergraduates receiving emergency financial aid, more than 4.5 million, or 61 percent, were Pell Grant recipients. Colleges and universities used $1.7 billion of their institutional HEERF portion for reimbursements of tuition, housing, room and board, and other fee refunds. Schools spent another $287 million of their institutional allocation on emergency financial aid grants to students. The blog says that the Department will continue to collect data and monitor how institutions choose to distribute emergency financial aid grants to students and allocate institutional funds to key recovery activities through future annual reporting cycles.

UnidosUS Releases New Study on Major Obstacles to College Completion for Latinx Students

UnidosUS and the University of North Carolina-Chapel Hill recently released a new multi-year mixed-method **study** to better understand how debt aversion, the current higher education system, and transportation issues affect college completion levels of Latinx students. The study surveyed more than 1,500 individuals aged 18–40 who began, but never finished, a college program and were no longer enrolled in postsecondary education. According to the report, 35 percent of the respondents identified as Latinx. Using the survey data, UnidosUS interviewed 24 Latinx survey respondents to better understand the nuance behind the numbers and interviewed 7 program experts working with varied Latinx communities on college access, success, and completion. The report found the following:

- Although Latinx students exhibit debt aversion at higher rates than non-Latinxs, the aversion to borrowing is deliberate, deeply connected to a desire to protect their families, and a reasonable response to external barriers to college access and completion. In other words, debt aversion is not an extricable or singular explanation for the college completion gap for Latinx students.
- Transportation availability is often the single reason that allows a student to attend school while juggling multiple other responsibilities. Because transportation cuts across responsibilities related to work, school, and home, when it is not available, everything can unravel.

U.S. Department of Education News

For today's *Federal Register*, click **here**.

General News

Inside Higher Ed reports on two new studies that examine which degree programs at which institutions offer graduates the best chance of recouping their college costs and repaying their student loans.

Forbes reports on the three things that student and parent borrowers should do if President Joe Biden's student loan forgiveness does not happen.

11 Alive News reports that the Biden Administration has provided more than $9 billion in student loan forgiveness, mainly by discharging the student loans of borrowers affected by a permanent disability or school closure, but that is less than 1 percent of the total student debt.

NBC News continues coverage of the U.S. Department of Education's reinterpretation of a Trump-era notice that consumer advocates argued allowed the agency to subvert state law enforcement probes of student loan servicers — one of a series of recent overhauls that could pave the way for more robust investigations.

The Hill includes an op-ed from Invest in Student Advancement Alliance Executive Director Jordan Wicker who argues that Congress should modernize finance for education and training. A growing number of colleges, workforce development initiatives, and short-term skills credential programs have begun using income share agreements to make education paths more affordable.

The Chronicle of Higher Education continues to update its list of colleges and universities that are requiring students or employees to be vaccinated against COVID-19.

Inside Higher Ed reports that the number of students studying exclusively or partially online ballooned in fall 2020, especially among undergraduates and at public universities. However, it will not be clear for a good while whether and how much the last year's grand, unplanned experiment with remote learning has permanently altered the landscape for using technology to deliver college instruction.

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