NCHER
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In Today's Edition

- Senate Confirms Chopra as CFPB Director
- Congress Passes, President Signs Continuing Resolution With AMF Extension But Without Debt Ceiling Increase
- Education Secretary Cardona Expresses Concern About Loss of Free Community College Program as Budget Reconciliation Talks Progress
- House Education and Labor Subcommittee Holds Hearing on Closed School Discharges
- Strada Report Examines Attitudes Surrounding Postsecondary Education
- U.S. Department of Education News
- Member News
- General News

Senate Confirms Chopra as CFPB Director

Today, the U.S. Senate voted to confirm the nomination of Rohit Chopra to serve as the next Director of the Consumer Financial Protection Bureau (CFPB), by a party-line vote of 50-48. House and Senate Democrats see Mr. Chopra as an experienced and headstrong regulator who is not afraid to take a hard line against financial institutions. But Congressional Republicans fear that he will steer the Bureau toward becoming an unaccountable regulatory body with an anti-business agenda. “It’s very likely that Chopra would return the CFPB to the rogue, unaccountable, anti-business agency it was during the Obama administration," Sen. Pat Toomey (R-PA) said today on the Senate floor.

Prior to being nominated as CFPB Director, Mr. Chopra served as the Bureau's Student Loan Ombudsman from 2010 to 2015 before being confirmed as a commissioner on the Federal Trade Commission, a position that he has held since May 2018. Mr. Chopra replaces CFPB Acting Director Dave Uejio who has been nominated for the position of Assistant Secretary for Fair Housing and Equal Opportunity. While in charge, Mr. Uejio, a long time official, stepped up the Bureau's enforcement activity, a policy that Mr. Chopra is expected to continue. For more coverage, see these articles from ***insideARM*** and ***The Washington Post***.

Congress Passes, President Signs Continuing Resolution With AMF Extension But Without Debt Ceiling Increase

Today, Congress passed **H.R. 5305, the Extending Government Funding and Delivering Emergency Assistance Act**, a short-term Continuing Resolution (CR) that would extend funding for the federal government through December 3rd. The legislation also includes disaster relief for those states impacted by the recent hurricanes and wildfires and an extension of Account Maintenance Fees paid to guaranty agencies. The bill does not include language opposed by Republicans to raise the nation's debt limit to avoid a default when the U.S. Department of Treasury reaches the limit of its borrowing authority within a few weeks. For a detailed summary of the legislation, click **here**.

"By extending government funding through December 3, this bill provides tens of billions of dollars to support working families who live paycheck to paycheck. As we continue this vital funding for education, health, housing, and public safety programs, we are also providing $28.6 billion to assist survivors of recent disasters and $6.3 billion to support Afghanistan evacuees after the end of 20 years of war," said House Appropriations Committee Chair Rosa DeLauro (D-CT) in a **statement**. "I look forward to soon beginning negotiations with my counterparts across the aisle and across the Capitol to complete full-year government funding bills that reverse decades of disinvestment and ensure government is looking out for the middle class, working families, and small businesses."

The U.S. Senate passed the CR by a vote of 65-35 before the U.S. House of Representatives cleared it by a vote of 254-175. The President signed the bill a few hours later. For more coverage, see this article from ***CNN***.

Education Secretary Cardona Expresses Concern About Loss of Free Community College Program as Budget Reconciliation Talks Progress

Earlier this week, during a back-to-school tour through Detroit, Education Secretary Miguel Cardona talked to reporters where he expressed concern that the $45.5 billion free community college program included in the House version of the **H.R. 5376, the Build Back Better Act**, will be left out of the final version as negotiations continue between the White House and Senate Democratic moderates. The Secretary was on a week-long trip to discuss efforts to safely reopen the nation's public schools and sell the President's education agenda in five Midwestern states. During his tour, Secretary Cardona promoted college access and in-person classes alongside local politicians and federal officials, but he also discussed his take on recent news from Sen. Joe Manchin (D-WV) that he will oppose efforts to set a top-line figure of $3.5 trillion for the budget reconciliation package and that he opposes the idea of subsidizing tuition at community colleges up front. He said that he could support a $1.5 trillion package, which means that the House will have to trim many aspects of its legislation. "I'm worried [the free community college proposal is] one of the things that is being looked at to be cut from the Build Back Better agenda. That would be a shame, because we're so close to leveling the playing field for so many students," Secretary Cardona said. "I fear the spread of complacency as much as the spread of Covid. We can't go back to what it was."

House Education and Labor Subcommittee Holds Hearing on Closed School Discharges

Today, the House Education and Labor Subcommittee on Higher Education and Workforce Investment held a titled, "Protecting Students and Taxpayers: Improving the Closed School Discharge Process." In her **opening statement**, Subcommittee Chair Frederica Wilson (D-FL) said that, in the last decade, at least five large for-profit college chains have collapsed, leaving tens of thousands of students with significant student loan debt - often without degrees. These school closures, she noted, can be devastating for students, plunging them into financial and emotional despair while robbing them of the education and opportunities they deserve. To support these students, she mentioned, Congress included a closed school discharge provision in the Higher Education Act. Under current law, affected students have three options: (1) Continue pursuing their degrees either through a teach-out plan offered by their own institution or through agreements with other institutions; (2) Transfer to another institution of their choice; or (3) Apply for a discharge of their federal student loans. Unfortunately, she stated, the first two options are filled with challenges. Many institutions will not accept credits earned at defunct schools, and institutions that do participate in teach-out plans or accept credits are often very low quality.

Chair Wilson stated that, in 2017, the U.S. Government Accountability Office (GAO) found that students who transferred their credits from for-profit schools to public schools lost 94 percent of their credits. For students, applying for a full discharge of their federal student loans is often the best option because it both reduces their financial burden and restores their eligibility for federal student aid. She said the closed school discharge process should be simple to understand and easy to navigate for students, but GAO's findings show that that is not the case. Chair Wilson stated that there are three key problems that the U.S. Department of Education must solve. First, she noted, many students do not become aware that they are entitled to loan relief until after they have already damaged their credit through delinquency and default. It is critical that affected students receive more timely information about the process for applying for closed school discharge, such as restoring the automatic school discharge process that was implemented under the Obama Administration. Second, students who experience a school closure often do not go on to complete their degrees at another institution. The teach-out options that defunct schools are required to provide their students often funnel them into other low-quality schools. The Department should address this challenge by conducting greater oversight over teach-out plans and other agreements between institutions. Third, Congress and the Department must work together to crackdown on predatory schools that continue to cheat students and taxpayers. Chair Wilson said that the challenges described in GAO's findings are important and timely. In the next two weeks, the Department will begin considering changes to the closed school discharge process.

In his **opening statement**, Subcommittee Ranking Member Gregory Murphy (R-NC) said that, when a college closes, thousands of students are thrown out of their academic path. Often, students are left with thousands of dollars in debt with no instruments for mobility. Without academic credentials, he mentioned, it makes it more difficult for them to pay their debt, which is simply not right. Students deserve protection and should not face the full financial burden of their debt if their school closes. In the best-case scenario, when a school closes, students should have the option to continue their program at another colleges. He said that finishing their program would be a far better benefit for students in the long-term when compared to just forgiving their loans. All possible avenues for degree completion should be available for these students. He said that, in August, the Biden Administration announced that it was expanding the look-back window to forgive loans for students that attended ITT Tech back in 2008; a full eight years before the school closed. This action cost taxpayers billions of dollars. He concluded his statement by saying that education is an investment, and such investment has risks. Personal responsibility means something, things are not free when facing adverse circumstance. Although students should have a support system when their school closes, Congress should ensure that schools who receive federal money are also stable. He urged the committee to work together in a bipartisan manner to legislatively fix the closed school discharge process.

In her **testimony**, Melissa Emrey-Arras, Director of Education, Workforce, and Income Security for GAO, reviewed their new report titled, **College Closures: Many Impacted Borrowers Struggled Financially Despite Being Eligible for Loan Discharges**. Ms. Emrey-Arras said that the report found that:

- About 246,000 borrowers were enrolled at over 1,100 colleges that closed from 2010 through 2020.
- 43 percent of impacted borrowers did not complete their program before their college closed or transfer to another college, showing that closures are often the end of the road for a student's education.
- Over 80,000 of these borrowers had their loans forgiven through a closed school discharge.

The report also found that the majority of borrowers who had loans forgiven applied for it, but over 27,600 received relief through a new process that took effect in 2018 which automatically discharged loans for eligible borrowers three years after a closure. The automatic discharge process provided relief to many borrowers struggling to repay their loans. More than 70 percent of borrowers who eventually received an automatic discharge were in default or past due on their loans. These borrowers were facing severe financial consequences (e.g., wage garnishments, reduced tax refunds, credit score drops), but may not have been aware that they were eligible for loan forgiveness.
She said that the Department eliminated the automatic process in July 2020, so borrowers impacted by future closures will have to apply for forgiveness.

In her **testimony**, Karyn Rhodes, a student borrower from Torrance, outlined her experience with the closed school discharge process when her college, the American Business Institute, closed in 1988. In his **testimony**, Preston Cooper, Research Fellow, The Foundation for Research on Equal Opportunity, said that the closed school discharge process is an important aspect of the federal student loan safety net but, when they occur, the higher education system has failed student borrowers. He said that, far better than a loan discharge is ensuring that students have the chance to achieve what they went to college for in the first place – to get their degree or certificate. Mr. Cooper said that Congress should require colleges and universities to purchase insurance to reimburse taxpayers in the event of a closed school discharge, a polity that will provide a financial incentive for institutions to take the necessary steps to avoid a discharge such as improving transferability of credits. In her **testimony**, Robyn Smith, Senior Attorney, Legal Aid Foundation of Los Angeles and, Consultant, the National Consumer Law Center, said that school closures have long-term and devasting financial consequences for borrowers who are disproportionately low-income people of color and the Department has failed to comply with Congress' closed school discharge mandate for borrowers whose schools closed prior to 1994 and after 1994. She said that the Department's closed school discharge process has left hundreds of thousands of borrowers harmed by school closures without debt relief. Ms. Smith concluded her testimony by saying that the Department has the authority to and should start granting automatic discharges to all eligible borrowers.

For more coverage, including an archived webcast of the hearing, visit the **committee website**.

Strada Report Examines Attitudes Surrounding Postsecondary Education

Strada Education Network recently released a report titled **Addressing Equity in Enrollment Declines: Learning From Students**. The report found that COVID-19 pandemic-related declines in college enrollment widened equity gaps and could have long-term consequences for socioeconomic mobility. The report includes recommendations on how to address higher education's equity gap and engage students in postsecondary education, informed by consultations with postsecondary education experts, a survey of over 1,000 young adults, and in-depth conversations with 17 students. Key findings include the following:

- Students question if education and career pathways that worked for previous students are still relevant in a post-pandemic world.
- Students still want to pursue postsecondary education, and they are exploring all education and career options.
- Personalized guidance sessions help students understand the full scope of future career options available to them.
- The pandemic's disruption on student finances left them more risk and loan averse.

- Students believe their future work careers are uncertain. Flexible education experiences that allow for multiple pathways are attractive to students today.

The report includes best practices for improving college and career guidance sessions, key takeaways on removing financial barriers, and advice on how to connect colleges to careers.

U.S. Department of Education News

For today's *Federal Register*, click here.
The following announcements were posted to the Information for Financial Aid Professionals website:

- **(APP-21-19) IRS Data Retrieval Tool and Potential Inaccurate $1 Adjusted Gross Income for the 2022–23 FAFSA Form**
- **(APP-21-18) Impact of American Rescue Plan Change to Tax Treatment of Unemployment Benefits on Student Aid Eligibility for Cycle 2022–23**

Member News

Trellis Company announced that it will assume management of the New Hampshire Higher Education Assistance Foundation's (NHHEAF) guarantor portfolio, effective October 1, 2021. NHHEAF's parent organization will remain a lender and servicer of Federal Family Education Loan Program loans through the New Hampshire Higher Education Loan Corporation. The transfer of management has been approved by Federal Student Aid. Both organizations are focused on a smooth transition for borrowers.

General News

Forbes publishes a column reporting that advocates for student loan borrowers are redoubling their efforts to convince President Joe Biden to cancel federal student loan debt in the face of an increasingly unsettled student loan servicing system.

Newsweek reports White House Press Secretary Jen Psaki suggested that the lack of federal student debt relief stems from disagreements on Capitol Hill, saying that President Joe Biden "would happily sign" a bill cancelling $10,000 in student debt if Congress were able to pass such a measure.

JD Supra continues coverage of S. 2598, the Fresh Start Through Bankruptcy Act, as talk continues on providing federal student loan forgiveness.

Forbes publishes a column examining 529 college savings plans and their impact on financial aid.

Inside Higher Ed reports that House Democrats are looking at new ways to hold colleges and universities accountable for Title IX misconduct under legislation introduced on Tuesday that would establish stricter conduct standards for sexual harassment and assault.

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

Diverse Issues in Higher Education covers the National Urban League's annual conference as business leaders shared how black and brown communities can help close the racial economic gap by working together and educating each other.

The Herald Sun reports that three college students at Historically Black Colleges and Universities in North Carolina will not have to worry about tens of thousands of dollars in student loan debt when they graduate, thanks to entertainer Nick Cannon.

Business Insider continues its coverage of the announcement by Navient that it will end its federal student loan servicing contract with the U.S. Department of Education.

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