



# DAILY BRIEFING

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Wednesday, September 29, 2021

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## NCHER Fall Legal Meeting: Registration Is Open, Final Agenda Has Been Released!

NCHER will hold its annual Fall Legal Meeting on Thursday, October 21, at the offices of Bradley Arant Boult Cummings located at Roundabout Plaza, 1600 Division Street, Ste 700, Nashville, Tennessee. The program committee has been hard at work on the [agenda](#) that includes sessions providing an overview of state lending and servicing laws (including preemption), legal issues involved with the U.S. Department of Education's regulation of guaranty agencies, privacy and cybersecurity, developments in the financing of Federal Family Education Loan Program and private education loans, an overview of activities of the Consumer Financial Protection Bureau, and an update on debt collection. The

program should be of interest to both lawyers and non-lawyers.

Information on the meeting, including a link to registration and a list of hotels close to the law firm, can be found under the Events tab on the [NCHER website](#). The NCHER staff is currently working on a remote option and will release those details soon. However, active participation for remote registrants will be limited. If you have any questions regarding the Legal Meeting, feel free to reach out to Shelly at [srepp@ncher.org](mailto:srepp@ncher.org).

## Department of Education Circulates Draft Proposals on Negotiated Rulemaking Topics, Proposes to Restore Obama-Era Rules

Yesterday, the U.S. Department of Education circulated draft papers to the 16 members of the negotiated rulemaking committee that has been formed to review regulations around closed school discharge, interest capitalization, Public Service Loan Forgiveness, borrower defense to repayment, pre-dispute arbitration, and income-driven repayment. The proposal would reverse the borrower defense to repayment rule changes put in place by the Trump Administration, making it easier for borrowers who are defrauded by their college or university to obtain loan forgiveness, and reinstate an Obama-era prohibition on institutions of higher education requiring their students to sign mandatory arbitration agreements. The Department did not circulate a concrete proposal for one of the largest items on the regulatory agenda: a new income-based loan repayment program.

## Navient Announces Plan to Transfer Federal Student Loan Servicing Contract to Maximus

Yesterday afternoon, Navient [announced](#) that it had signed a definite agreement with Maximus to transfer the loan servicing contracts for its U.S. Department of Education-owned student loan accounts through a contract novation, subject to the Department's approval. The company said that it had been in consultation with the Office of Federal Student Aid (FSA) and submitted a preliminary request for review. If the contract novation is approved, Navient will exit the federal student loan program and the servicing activities will join Maximus which currently has the Debt Management and Collections System contract and the Next Generation Financial Services Environment Business Process Operations contract. Under the proposed transaction, many Navient employees currently working on the Department loan servicing team will join Maximus.

“We look forward to the successful completion of this contract novation and working in partnership with Navient and FSA in the successful migration of operations for this critical function. We are pleased to further our strong track record of supporting FSA as we expand into federally originated student loan servicing,” said Teresa Weipert, General Manager for the Maximus U.S. Federal Services Segment. “This contract enables Maximus to apply our deep understanding of the needs of student borrowers and our industry leading customer service to assist FSA in successfully serving millions of student loan borrowers.”

Following the Navient-Maximus announcement, FSA Chief Operating Officer Richard Cordray released a [statement](#) vowing to review the proposal to make sure it protects borrowers. He said that FSA officials are “reviewing documents and other information from Navient and Maximus to ensure that the proposal meets all legal requirements and properly protects borrowers and taxpayers.”

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

## Department of Education Releases Cohort Default Rates

Today, the U.S. Department of Education released [information](#) on the Fiscal Year (FY) 2018 official cohort default rates for institutions of higher education. According to the agency, the FY 2018 cohort default rate is 7.3 percent with public institutions having a default rate of 7 percent, private nonprofit institutions having a default rate of 5.2 percent, and proprietary institutions having a default rate of 11.2 percent. The rates are down from last year’s FY 2017 cohort default rate with percentages in that cohort being 9.3 percent for public institutions, 6.7 percent for private nonprofit institutions, and 14.7 percent for proprietary institutions. NCHER members can search for the cohort default rate of individual colleges and universities [here](#).

## Congress Clears Legislation to Address Problems in the TEACH Grant Program

Yesterday, the U.S. House of Representatives passed [S. 848, the Consider Teachers Act](#), by a vote of 406-16. The bill, which had already been passed by the U.S. Senate, is now headed to the White House for the President’s expected signature.

The Teacher Education Assistance for College and Higher Education (TEACH) Grant program, which Congress authorized in 2007, provides up to \$4,000 each year to college students training to be teachers. In return, they must teach for four years in a high-need field at an underserved school within eight years of graduating. A federal report revealed

that more than 66 percent of the students who received grants had them converted to loans because they did not meet the requirements, such as annually submitting paperwork about the progress of their teaching service. The loans also included interest accumulated from the grant's disbursement date. House and Senate lawmakers said the grants' conversion to loans was often due to basic clerical mistakes.

The legislation would reverse wrongfully converted TEACH Grants from their status as loans back to grants and extend the time teachers have to finish their service requirements by three years for those who were affected by the coronavirus crisis. Under the program changes, recipients would no longer have their grants converted to loans if they do not certify that they have started teaching or intend to start within 120 days of graduating or withdrawing from school. They are also not required to certify their intent to teach within 120 days of leaving school. The legislation would also open the reconsideration process to all TEACH Grant recipients whose grants have converted to loans. "The TEACH Grant is an important program to incentivize teachers to serve in neglected communities, but 12 years of poor government management has turned these grants into groans for thousands of teachers," said Sen. Mike Braun (R-IN), who was one of the bill's sponsors.

## U.S. Department of Education News

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

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### General News

[Inside Higher Ed](#) reports that Congress is considering incorporating an income cap in the proposed free community college provision included in the Build Back Better Act, which is moving through the budget reconciliation process.

[Business Insider](#) provides further coverage of the letter sent by top House and Senate Education Committee Republicans and why they are 'deeply concerned' about the federal student loan payment restart in four months.

[Student Loan Hero](#) reports that, according to its survey, 85 percent of college students did not know the Free Application for Federal Student Aid or FAFSA determines free federal aid like grants and work-study.

[U.S. News & World Report](#) publishes a blog post highlighting five creative ways that student and parents can reduce student loan debt.

[Higher Ed Dive](#) examines what student safeguards are needed if Congress were to expand Pell Grant eligibility to short-term programs.

[Newsweek](#) includes an op-ed from National Association of Scholars Director of Policy and Virginia Association of Scholars Vice President Teresa Manning who argues that federal student loan forgiveness treats the symptoms but neglects the disease.

[Fortune](#) reviews those student and parent borrowers who are eligible for federal student loan forgiveness announced by the U.S. Department of Education.

[The Chronicle of Higher Education](#) offers insight on how to make a proven student-success strategy more flexible, pandemic lessons from colleges and universities, and an equity-minded critique of income-driven repayment plans.

[U.S. News & World Report](#) highlights how Historically Black Colleges and Universities are seeking to address the cost of college.

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