NCHER

DAILY BRIEFING

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Senate Rejects Continuing Resolution, Republicans Continue to Oppose Raising Debt Limit

Last night, the U.S. Senate rejected a motion to invoke closure and end debate on [H.R. 5305, the Extending Government Funding and Delivering Emergency Assistance Act](), by a vote of 48-50. All Republicans opposed the short-term Continuing Resolution (CR) that

would extend funding for the federal government through December 3rd because it was paired with an effort 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. The bill also includes language extending the payment of Account Maintenance Fees to guaranty agencies.
House and Senate Democrats have indicated that they will not allow the federal government to shut down when the fiscal year begins on Friday and are willing to move another CR that separates out the debt ceiling extension. Many Congressional observers believe that a federal shutdown would only further inhibit the Democrat's ability to continue movement on passage of the Build Back Better Act through budget reconciliation. In discussing next steps, House Appropriations Committee Chair Rosa DeLauro (D-CT) said, "We're going to come back with another proposal in which we can fund the government. Funding the government — keeping the government open — is a critical piece. And we'll do whatever that takes to be able to get that done." Senate Republicans have indicated their willingness to support a CR with other funding initiatives, but not a debt ceiling extension. In discussing what they would be willing to support, Senate Minority Leader Mitch McConnell (R-KY) said, "We will support a clean Continuing Resolution that will avoid a government shutdown, get disaster relief to Louisiana, help properly vetted Afghanistan refugees who put themselves on the line for America, and support the Iron Dome assistance for our ally Israel. We will not provide Republican votes for raising the debt limit."

Beyond passage of a short-term Continuing Resolution, which will likely happen on Thursday, House and Senate Democrats will need to figure out how to pass a debt limit extension by mid-October so the U.S. will not default on its federal obligations. Today, Treasury Secretary Janet Yellen sent a **letter** to Congress saying that the federal government will run out of money by October 18th if lawmakers do not raise the nation's debt ceiling. "At that point, we expect Treasury would be left with very limited resources that would be depleted quickly," the Secretary wrote. "It is uncertain whether we could continue to meet all the nation's commitments after that date." Republican leaders have insisted that Democrats must handle the need to raise the debt ceiling on their own through the budget reconciliation process that they are using to pass the President's multitrillion-dollar social spending package, a route that could take roughly two weeks and pose a number of procedural issues.

For more coverage, see these articles from ***NBC News*** and ***U.S. News and World Report***.

House Speaker Pelosi Announces Chamber Will Separate Reconciliation Package from Bipartisan Infrastructure Deal, House Vote Still Set for Thursday Amid Progressive Unrest

In a meeting of the Democrat Caucus on Monday night, House Speaker Pelosi (D-CA) discussed her decision to delink passage of the bipartisan Infrastructure Investment and Jobs Act and the Build Back Better Act through the budget reconciliation process. In the meeting, Speaker Pelosi said that her members could no longer wait until a reconciliation bill is approved by the U.S. Senate or even until the outline of the legislation is agreed to by moderates and progressives, before voting to support the infrastructure package. "I told all of you that we wouldn't go on to the [infrastructure package until] we had the reconciliation bill passed by the Senate. We were right on schedule to do all of that, until 10 days ago, a week ago, when I heard the news that [the reconciliation] number had to come down," the Speaker said. "It all changed, so our approach had to change. We had to accommodate the changes that were being necessitated. And we cannot be ready to say until the Senate passed the bill we can't do [the infrastructure package]," she said. The House is set to vote on the Infrastructure Investment and Jobs Act on Thursday, though it could be weeks before there is similar action on the Build Back Better Act.

Several dozen progressives in the lower chamber have publicly declared that they will not vote for the infrastructure package until they have a better sense of what the top-line number is that Sen. Joe Manchin (D-WV) and other moderate Democrats will agree to support through budget reconciliation. Speaker Pelosi is now pressing them to change their view and support the infrastructure package anyway, urging progressives to take a party win where they can. It is yet to be seen if the package will have the votes needed to pass. The Speaker has indicated she needs support from President Joe Biden and Senate Majority Leader Chuck Schumer (D-NY) to push moderate senators to negotiate on a topline number as soon as possible, potentially before Thursday, to help shore up progressive support. Without an agreement in hand, progressive members would just have to trust the Speaker that moderate senators will agree to a broader reconciliation bill at some point.

For more coverage, see these articles from ***The New York Times*** and **NBC News**.

Department of Education Releases Members of the Negotiated Rulemaking Accountability and Student Loan Committee, Includes O'Connell and Shaffner

The U.S. Department of Education's Office of Postsecondary Education recently released the **list of members** for the upcoming negotiated rulemaking Accountability and Student Loan Committee, which will be responsible for updating and revising federal regulations. As a reminder, the Department announced that the neg-reg panel will review regulations around closed school discharge, interest capitalization, Public Service Loan Forgiveness, borrower defense to repayment, pre-dispute arbitration, and income-driven repayment. To represent Federal Family Education Loan Lenders and Guaranty agencies, the Department has appointed Jaye O'Connell from the Vermont Student Loan Corporation as the primary negotiator and Will Shaffner of the Missouri Higher Education Loan Authority as the alternate negotiator.

House and Senate Education Committee Leaders Write Letter to Education Secretary on Repayment Freeze

Today, House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) and Senate Health, Education, Labor, and Pensions Committee Ranking Member Richard Burr (R-NC) wrote a **letter** to Education Secretary Miguel Cardona requesting an update on the U.S. Department of Education's plan to transition student loan borrowers from the repayment freeze in effect during the COVID-19 pandemic into active repayment status. In the letter, the members write that they did not receive responses to their previous letters dated June 2, 2021 and July 29, 2021; during that time period, the Department announced that a final extension would take place and last until January 21, 2022. But the questions posed in the prior letters remain unanswered. *"The lack of clarity and guidance about the process surrounding returning borrowers to repayment is as troubling as the process is uncertain," Ranking Member Foxx and Ranking Member Burr said. "We remain deeply concerned about the ability of the Department to ensure a smooth transition to repayment in four months. If this transition is going to be successful, it is critical the Department immediately begins to work collaboratively with its partners and Congress. There has been ample time to plan."*

Senate Banking Committee Holds Hearing on CARES Act Oversight, But Debt Ceiling Topic of Conversation

Today, the Senate Banking, Housing, and Urban Affairs Committee held a hearing entitled "The Coronavirus Assistance, Relief, and Economic Security or CARES Act Oversight of the Treasury and Federal Reserve: Supporting an Equitable Pandemic Recovery". In his **opening statement**, Chairman Sherrod Brown (D-OH) touted the number of jobs created since President Joe Biden took office, but said employment is still down by 5.6 million jobs from before the COVID-19 pandemic. "We cannot declare the recovery complete until all workers can find a job that pays them fair wages and treats them with dignity," he said, while terming the current economic recovery a "Wall Street recovery." With regard to the need to raise the nation's debt limit, he said: "The debt limit is not about future spending – it's about meeting obligations we've already made, like the bipartisan, overwhelmingly popular CARES Act – the reason we're holding this hearing today. Every single one of my Republican colleagues who served on this committee last year voted for the CARES Act. Every single one of them voted for the $2 trillion tax cut for their wealthy friends. They didn't seem to have a problem with the debt limit then." In his **opening statement**, Ranking Member Pat Toomey (R-PA) criticized the tax and spending priorities included in the Build Back Better Act currently moving through Congress. He said that the purpose of the legislation, in his view, is not to spur economic growth but "to reconfigure the relationship between the federal government and the middle class."

In her **opening statement**, Treasury Secretary Janet Yellen discussed the U.S. Department of Treasury's role in administering the CARES Act. She ended her remarks by addressing the debt ceiling saying that: "It is imperative that Congress swiftly addresses the debt limit. If it does not, America would default for the first time in history. The full faith and credit of the United States would be impaired, and our country would likely face a financial crisis and economic recession. We must address this issue to honor commitments made by this – and prior – Congresses." In his **opening statement**, Federal Reserve Board of Governors Chairman Jerome Powell provided an overview of the national economy and the Fed's policy actions to help address the economic challenges resulting from the pandemic, which he said has helped unlock more than $2 trillion in funding.

During the question-and-answer portion of the hearing, most of the comments and questions revolved around issues involved with the debt limit. The main news from the hearing was that Secretary Yellen said that Treasury currently estimates that it will exhaust the temporary measures it has used to avoid reaching the ceiling by October 18. She said it is imperative that Congress address the debt limit, and that the failure to do so would trigger a financial crisis. The other news was that Sen. Elizabeth Warren (D-MA) commented that she did not think Chairman Powell should be renominated to serve another term. She said Mr. Powell's actions have weakened oversight of big banks.

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

College Board Announces Plans for Shorter CSS Profile, Makes Free for Low-Income Families

Last week, the College Board announced that it plans to create a "lighter, shorter" version of its CSS Profile, an online form that about 300 colleges and universities and scholarship organizations use to allot institutional aid to students who need financial assistance. Additionally, the organization said that families making under $100,000 a year will no longer have to pay for the CSS Profile. The CSS Profile is more detailed than the Free Application for Federal Student Aid (FAFSA), which families use to apply for federal grants and loans. Advocates have argued that the cost of the CSS Profile, as well as its complexity, have inhibited applicants from completing it, especially low-income applicants. Currently, an applicant must pay $25 to submit the CSS Profile to one institution of higher education, then $16 for each additional one, although the College Board has long provided fee waivers based on an applicant's parental income and family size.

The College Board, which said the new version would be available as early as the fall of 2022, did not provide details on how the CSS Profile might differ from the current version. College Board CSS/Financial Assistance Assembly Council Chairwoman Samantha Veeder said that the new version of the form would be more user-friendly, with fewer questions, and "a lot more intuitive skip logic" that would factor out inapplicable questions for each applicant. The College Board and CSS Profile institutions, she added, are working to streamline the existing form as well, eliminating unnecessary questions. This less-detailed version of the application would be a "middle ground," giving colleges and universities more information than the FAFSA provides, but less than what the current version of the CSS Profile does.

For more information, see this article from ***Higher Education Dive***.

Biden Administration Issues Proposed Rule to Codify Deferred Action for Childhood Arrivals Program

Today, the Biden Administration published a new proposed rule aimed at codifying into regulation the Deferred Action for Childhood Arrivals (DACA) program established by the Obama Administration. The proposed rule, issued by the U.S. Department of Homeland Security, was put forth in response to a ruling from U.S. District Court for the Southern District of Texas Judge Andrew Hanen that DACA was unlawful partly because it was promulgated without notice-and-comment rule making. The proposed rule was also put forth to respond to the ruling from the U.S. Supreme Court that stopped the Trump Administration's effort to end to the program because it did not comply with procedural requirements for appropriately doing so as outlined in the Administrative Procedure Act. The new proposed rule does not include any major changes to the DACA program; however, it does decouple work authorization from protection against deportation. Under the new rule, DACA applicants would still be eligible to receive work authorization, but they would have the option to seek protection from deportation without also applying for work authorization. Individuals who apply for DACA protections against deportation without also applying for work authorization would pay a fee of $85, while the existing fee of $495 would be maintained for those who apply for work authorization and deportation protections.

Advocates believe that the new rule would shore up the existing DACA program and protect it from litigation. Cornell Law School Professor Stephen Yale-Loehr described the rule as "an effort to bulletproof the existing program from litigation challenges" but he said it will not head off all potential legal challenges. "This may take care of the procedural problems that Judge Hanen identified in his July ruling, but there are still the substantive challenges that Texas and other states will press," he said. "For example, they are sure to argue that only Congress can enact such a wide-ranging program."
For more coverage, see this article from ***Inside Higher Ed***.

U.S. Department of Education News

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

The following announcement was posted to the Information for Financial Aid Professionals website:

- (EDESUITE-21-05) Availability of EDExpress for Windows 2022–2023, Release 1.0

General News

Inside Higher Ed reports that states that want to participate in the proposed free community college plan will need to provide some of their own resources – and some states will need to increase funding for higher education by more than 40 percent.

Forbes publishes a column saying that federal student loan forgiveness will not be available to all student and parent borrowers, and what those borrowers need to know.

Money examines the question - what if federal student loan interest rates just stayed at 0 percent forever?

Inside Higher Ed reports that Congress must authorize the federal government to borrow more money by mid-October so that it can pay its bills, raising questions about future spending as House and Senate Democrats work to push through monumental higher education funding.

University Business reports that early fall enrollment data shows a mix of success and struggles at 10 colleges and universities across the country.

Higher Ed Dive highlights recent research that found the payoff for short-term Pell Grant offerings varies widely, but some policymakers think they can work with the right precautions.

Fortune reports that 43 million borrowers will soon have to restart paying their federal student loans.

Route Fifty reports on the states with the most and least student loan debt, according to a recent report from WalletHub.

Forbes publishes an article examining what a shutdown of the federal government means for student loan borrowers.

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