NCHER DAILY BRIEFING

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NCHER Weekly Rundown

Weekly Rundown

The NCHER Weekly Rundown, which includes the latest information on important events in Washington, DC, is available today and can be downloaded from the NCHER website.

NCHER, Other Trade Associations Ask IRS to Clarify 1099-C Reporting is Unnecessary When Student Loans are Forgiven

Last Friday, NCHER, the Consumer Bankers Association, Education Finance Council, and the Student Loan Servicing Alliance sent a **letter** to the Internal Revenue Service (IRS) asking the agency to clarify that holders of certain student loans (including Federal Family Education Loan Program loans and private education loans) are not required to file a Form 1099-C in cases where a loan is discharged. In March 2021, Congress passed the American Rescue Plan Act (Public Law 117-2), which included Section 9675 that amended the Internal Revenue Code's requirements for tax treatment of student loan forgiveness so that, for the 2021-2025 tax years, any amount which would otherwise be includible in income by reason of the discharge of most student loans is excluded from gross income. Despite this change, neither Section 6050P of the Code (which generally requires information reporting on Form 1099-C in respect of such discharges), nor Form 1099-C itself, have been updated. The four trade associations asked the IRS to update its guidance to reflect the change.

House Scheduled to Vote on Build Back Better Act This Week

This week, the U.S. House of Representatives is expected to consider **H.R. 5376, the Build Back Better Act**, which is based on reconciliation submissions made by House Committees pursuant to the Fiscal Year 2022 budget resolution. As previously reported, the education portion of the bill would increase the maximum award for the Pell Grant program by $550, increase funding for Historically Black Colleges and Universities and Minority Serving Institutions, and create a new College Retention and Completion grant program. The bill does not create a new free community college program, as the version reported from the House Education and Labor Committee, because of the agreement to reduce the size of the package. Prior to the recent Veterans Day recess, the House was scheduled to consider the slimmed-down version of the Build Back Better Act, but the chamber's moderates opposed consideration until the Congressional Budget Office (CBO) released the official score on the bill. Today, CBO Director Phillip Swagel said that the legislation's score should be available by the end of the day on Friday at the latest. CBO has already released scores for various chunks of the package, publishing estimates of eight of the 13 individual titles that comprise the bill, but those estimates do not include the education and labor provisions.

With House action expected, but not final, the U.S. Senate is expected to spend the next few weeks on the National Defense Authorization Act (NDAA). Over the weekend, Senate Majority Leader Chuck Schumer (D-NY) circulated a **Dear Colleague Letter** saying that, even if the House passes the budget reconciliation package this week, there is still work to do to ready the legislation for the Senate floor. “Due to the House pushing back consideration of the [Build Back Better Act] to the week of November 15th, it is likely that the Senate considers the NDAA this upcoming week as we await House passage of the BBBA,” said Leader Schumer. Sen. Joe Manchin (D-WV) continues to raise concerns about numerous provisions included in the House version of the Build Back Better Act, and has said that Congress should delay its consideration until the chamber has a better sense of the legislation’s impact on inflation. Both the House and Senate will be out next week for the Thanksgiving break, meaning that it is likely both chambers will in session well into December to finish work on the President’s domestic policy agenda.

For more coverage of the House process, see these articles from ***Roll Call*** and ***The Hill***. For more coverage of how the social spending bill includes a provision that would expand eligibility for federal student aid to students who are a part of Deferred Action for Childhood Arrivals or have Temporary Protected Status, see this article from ***Inside Higher Ed***.

Senate Appropriations Committee Chair Leahy Announces Retirement

Today, Senate Appropriations Committee Chairman Patrick Leahy (D-VT) **announced** that he will retire at the end of his term next year. Chairman Leahy is currently the chamber’s most senior senator and serves as the President Pro Tempore, meaning that he is third in line to the President. It's time to put down the gavel,” Sen. Leahy said from the Vermont State House in Montpelier. “It is time to pass the torch to the next Vermonter who will carry on this work of our great state. It's time to come home.” During his tenure, Sen. Leahy has held three chairmanships, questioned all nine sitting Supreme Court justices during their confirmation hearings, and had a hand in drafting dozens of laws since he took his first oath of office in January 1975. His retirement will have a major impact on the Senate Democratic Caucus. For example, Senate Health, Education, Labor, and Pensions (HELP) Committee Chairwoman Patty Murray (D-WA) is next in line to lead the Senate Appropriations Committee and is likely to leave that post to have a say in developing the entire federal budget. This means that both the Chair and Ranking Member posts for the Senate Appropriations Committee and the Senate HELP Committee may be under new leadership in January 2023. For additional coverage, see this article from ***The Hill***.

Rep. Wild Sends Letter to Education Secretary Cardona Urging Protection of Student Loan Borrowers in Repayment

Last week, eight House Democrats, led by Rep. Susan Wild (D-PA), sent a **letter** to Education Secretary Miguel Cardona to use the U.S. Department of Education's negotiated rulemaking process to make student loan repayment programs more accessible and affordable. The representatives request the following changes to the Department's draft issue paper on income-driven repayment (IDR) plans:

- Simplifying the enrollment of student loan borrowers in IDR plans by sunsetting current plans and creating a new, more generous income-driven repayment plan.
- Capping monthly student loan payments at not more than 10 percent of student loan borrowers' discretionary income.
- Calculating discretionary income using an amount equal to 250 percent of the federal poverty line or at least 200 percent of the federal poverty line based on the borrower's family size.
- Allowing borrowers who earn less than 250 percent or at least 200 percent of the federal poverty line to make monthly loan payment amounts of zero until their earnings improve and count these months toward eventual loan forgiveness.
- Forgiving any remaining loan debt after not more than 20 years of payments, and ensure that the loan forgiveness is not considered as taxable income.
- Prioritizing robust communication with borrowers to ensure they are informed about their repayment options and about the benefits of income-driven loan repayment plans.
- Increase transparency, oversight, and accountability of student loan servicers to ensure borrowers are informed about their loan repayment options and the benefits of income-driven repayment plans.

U.S. Department of Education News

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

General News

Business Insider reports that Education Secretary Miguel Cardona recently released a statement on how recent reforms to the Public Service Loan Forgiveness (PSLF) program are working and how thousands of borrowers are on track to student loan relief. Similarly, *Forbes* publishes a column saying that the Biden Administration announced that it is on-track to forgive $25 billion in student loan forgiveness based on its recent changes to PSLF.

The Washington Post and *Education Dive* report that international students enrollment at the nation's colleges and universities fell 15 percent in the 2020-21 academic year. The decreases were driven by decreases in the number of new international students, which fell by 45.6 percent.

Inside Higher Ed reports that more high school students than in the recent past are not planning to go to college, according to a recent survey by ECMC Group. Most students cited the high cost of tuition and the amount of student loans they would need as important factors in what they choose to do after high school.

The Washington Post reports that a growing number of new colleges and universities are specializing in specific disciplines while avoiding large overhead costs in administration and campuses, as a reaction to higher education institutions closing or merging due to low enrollment. Several of these new institutions claim that the higher education system is broken and needs to be tailored to the needs of graduating high school students.

Business Insider highlights what the Biden Administration has done to address a growing debt crisis, including extending the pause on federal student loan payments that was supposed to end in September to January 2022.

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