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In Today's Edition

- NCHER Annual Conference: Hotel Cut-Off is Monday, Make Your Reservations Today!
- House Education and the Workforce Committee Holds Hearing with Education Secretary Cardona
- House and Senate Education and Appropriations Committee Leaders Send Letter to Education Secretary Cardona Urging Steps to Ensure FAFSA Problems Do Not Occur Next Year
- Brookings Institution Releases Pager Saying FAFSA Rollout Means Fewer Students Will Enroll in College Next Year
- Federal Reserve Releases Consumer Credit Report for March, Shows Increase in Student Loan Volume in First Quarter
- SHEEO Releases Latest State Higher Education Finance Report Finding State and Local Funding Increased in FY 2023
- U.S. Department of Education News
- General News

NCHER Annual Conference: Hotel Cut-Off is Monday, Make Your Reservations Today!

NCHER will hold its Annual Conference on June 3-5, 2024 at the Hyatt Regency Clearwater in Clearwater, Florida. The conference, which is open and designed for everyone across the higher education finance industry, will provide attendees with ample

opportunities to network, learn, and take information back home that they can use in their current jobs – from hearing about the current trends and hot topics to exploring new and potential business opportunities. The [Draft Program Agenda](#) is packed with important and engaging sessions as well as opportunities for small group discussions among industry experts. The current agenda includes:

- A pre-conference session where first-time and veteran attendees will do a deep-dive into federal policy reviewing recent and upcoming developments at the national and state levels.
- An update on the rollout of the 2024-2025 FAFSA [Free Application for Federal Student Aid] and what NCHER members can expect to occur over the next few months following Federal Student Aid's rocky implementation of providing eligibility information to institutions of higher education.
- General sessions built around preparing you and your colleagues for the future: topics include reviewing the changing demographics of the current student population, examining the macro trends that will determine and influence the private education loan market in 2024/2025, and discussing student perspectives on higher education and how to create a successful marketing strategy for your services and programs and realize a return on investment.
- General sessions geared toward improving your operational and compliance strategies: topics include discussing the potential business and financial value of leveraging the value of artificial intelligence to improve higher education financing, examining ways to combat fraud and highlighting best practices that members can undertake to mitigate credit risk, and reviewing the most pressing state regulatory topics impacting the membership and what steps compliance offices should be taking now to stay ahead of any potential review.
- Small group break-out sessions centered on industry sectors so that attendees can talk about the most pressing issues of the day with their peers. It will also include an NCHER staple – our annual “Ask the Attorney’s panel.”

We urge all of the NCHER membership to [register](#) today. Members can also make their hotel reservations at a discounted room rate of \$214 at the Hyatt Regency Clearwater until Monday, which is the hotel cut-off date. After Monday, members can still book their room [online](#) or by calling 877-803-7534, but we cannot guarantee room availability or the discounted rate.

We look forward to seeing you for some fun and sun in Clearwater!

House Education and the Workforce Committee Holds Hearing with Education Secretary Cardona

On Tuesday, the House Education and the Workforce Committee held a hearing titled, “Examining the Education Department’s Policies, Priorities, and FY 2024 Financial Audit Failure.” During her [opening statement](#), Committee Chairwoman Virginia Foxx (R-NC) said that she was extremely disappointed in Education Secretary Miguel Cardona’s performance in postsecondary education. “If I were to grade your time as secretary based on the state of postsecondary education, I would give you an F,” she said, pointing to mismanagement around the rollout of the Free Application for Federal Student Aid (FAFSA) and the return to repayment for millions of federal student loan borrowers. On FAFSA, Chairwoman Foxx said that FAFSA simplification was law for the entirety of the Biden Administration, but last year was filled with delays and excuses. She said that these delays and uncertainty have crushed students and universities with FAFSA completion rates falling 30 percent nationally and colleges and universities expecting decreases in enrollment in the fall that could be even worse than the pandemic. “Attending college is one of the most consequential choices that some may ever make,” Chairwoman Foxx said. “For many students with very limited means who depend on the FAFSA, that choice has been denied to them. Some will inevitably put education on the backburner for life. That’s what troubles me the most about this. May 1 should have been college decision day, but instead students are still stuck waiting for financial information, paralyzed by your ineptitude.”

During his [opening statement](#), Ranking Member Bobby Scott (D-VA) thanked the Secretary for appearing before the committee and said the U.S. Department of Education had undertaken historic steps to relieve federal student borrowers of mountains of unaffordable debt. “This Administration has forgiven more than \$160 billion dollars in student loan debt for 4.6 million borrowers, including some who were duped by their universities,” Ranking Member Scott said. “By enhancing Income Driven Repayment plans and the Public Service Loan Forgiveness program, future borrowers now have a clear path to repayment.” At the same time, he said that he looked forward to hearing about how the Department will get the FAFSA rollout back on track saying that the committee has communicated its concerns about the impact of the many delays on the students’ college decisions.

During his [written testimony](#), Education Secretary Cardona said that the President’s budget request strives to raise the bar for education in the United States and position our

nation to lead the world for years to come. Even in an era of relative restraint, he said that the Department is pushing for investments that will carry out four of its priorities: Achieve Academic Excellence; Boldly Improve Learning Conditions; Create Pathways for Global Engagement; and Expand Access to Higher Education by Reducing Costs for Students and Investing in Student Supports. On higher education, Secretary Cardona said that the budget request invests in postsecondary success for all students, improving college affordability, retention, and completion. “To expand equitable and affordable access to an education beyond high school, the budget proposes to increase the maximum Pell Grant by \$100 for the 2025-2026 award year building on successful efforts to raise the discretionary maximum award by \$900 since the beginning of the Biden-Harris Administration,” the Secretary said. “The budget also increases the mandatory Pell add-on by \$650 for a total maximum award of \$8,145 for students attending public and nonprofit institutions. The increase keeps the Administration on its path to double the maximum Pell Grant at such institutions by 2029.” Secretary Cardona also highlighted the proposal for a new free community college program and a new Reducing the Costs of College Fund that includes \$5 billion for awards to colleges and universities that provide an education at an affordable price to expand the number of students served and share best practices and scale evidence-based strategies that increase college completion rates, reduce cost burdens for students, and lower costs per graduate. He also said that the budget will build on the President’s historic actions to reduce student loan debt and college costs by eliminating origination fees charged to borrowers on every new federal student loan, and mentioned the budget’s increases for Federal TRIO programs and GEAR UP. The Secretary said that the increase in Federal Student Aid’s (FSA) budget will allow it to “effectively operate the student aid programs, and additionally protect against cybersecurity breaches to ensure protection of borrowers’ personal information, implement critical improvements to student loan servicing, continue to modernize its digital infrastructure, and ensure successful administration of the financial aid programs through a simplified application process for students and borrowers.”

During the question-and-answer portion of the hearing, several committee members raised concerns regarding elementary and secondary education and antisemitic protests on college campuses. The following questions were raised on higher education financing:

- Chairwoman Foxx asked Secretary Cardona whether current protesters occupying college campuses deserve to have their federal student loans forgiven by taxpayers. The Secretary said that he was proud of the Department’s effort to provide loan relief and that protestors should be held accountable for their actions. Chairwoman Foxx also asked Secretary Cardona to commit to finding a replacement for FSA

Chief Operating Officer (COO) Richard Cordray who has real world experience leading the massive lending operation. The Secretary said that he was committed to having a COO that has experience. Chairwoman Foxx asked Secretary Cardona whether the recent audit from KPMG resulted in a reduction in or elimination of bonuses for FSA staff. The Secretary said that he will provide that information to the committee staff.

- Rep. Joe Courtney (D-CT) asked Secretary Cardona to talk about the Career Connected High Schools program and the importance of career and technical education. The Secretary said that he supports federal efforts to provide an alternative to a four-year college degree so students can take advantage of millions of job openings. Rep. Courtney also asked Secretary Cardona to discuss the progress that has been made in the Public Service Loan Forgiveness (PSLF) program. The Secretary said that the Department has provided 875,000 borrowers with \$62 billion in loan relief.
- Rep. Gregorio Kilili Camacho Sablan (D-NMI) urged Secretary Cardona to change the Department's policy that students in the Northern Mariana Islands can not access the FAFSA unless they declare they are foreign students. The Secretary said that he was committed to resolving the issue before the next school year.
- Rep. Suzanne Bonamici (D-OR) asked Secretary Cardona to discuss the Department's effort to move federal student loan borrowers back into repayment and provide loan forgiveness. The Secretary said that the nation's higher education system is broken. The Department's SAVE Plan will cap interest and keep borrowers out of default. The Fresh Start will move borrowers out of default back into repayment. Rep. Bonamici expressed concerns about the delays with the FAFSA rollout and asked Secretary Cardona what the Department was doing to quickly increase FAFSA completions. The Secretary said that the Department has processed applications from 9 million students and they are seeing increases in FAFSA completions as a result of nationwide campaigns.
- Rep. Glenn Grothman (R-WI) asked Secretary Cardona if any employee should lose their jobs over the FAFSA rollout. The Secretary said that there will be opportunities for accountability and restructuring to make sure that it does not happen again. Rep. Grothman asked Secretary Cardona what he should tell his constituents who have paid off their federal student loans, are opposed to the President's loan forgiveness plan, and feel they are suckers for being responsible. The Secretary said he would say the Department is fixing the broken system that will allow more college access.

- Rep. Alma Adams (D-NC) asked Secretary Cardona to discuss the importance of support for Historically Black Colleges and Universities. The Secretary talked about the increases for minority serving institutions included in the President's budget request. Rep. Adams asked Secretary Cardona to discuss the Department's efforts around closed school discharges. The Secretary said that the Department has seen situations where students have been left with debt but no degree and no earning potential to pay off the debt; the agency has tightened its oversight over institutions of higher education, worked with institutions to recoup funds where possible, and improved transfer of credit opportunities. Rep. Adams asked Secretary Cardona to talk about the importance of Pell Grants. The Secretary said that the President has been pushing to double the maximum award to cover more costs of postsecondary education.
- Rep. Rick Allen (R-GA) asked Secretary Cardona why the Department was working on a proposed rule that would penalize institutions with distance education programs. The Secretary said that online learning is important but it also needs to protect students. Rep. Allen asked Secretary Cardona to respond to a recent report from the Congressional Budget Office that student lending will increase over the next 10-15 years as colleges continue to raise their prices in response to federal aid. The Secretary said that he was committed to fixing the broken system.
- Rep. Pramila Jayapal (D-WA) commended Secretary Cardona for canceling the federal student loans of 876,000 borrowers through Public Service Loan Forgiveness, 1 million borrowers enrolled in Income Driven Repayment Plans, and 1.6 million students who were defrauded by their schools and asked what students could benefit from the new federal loan forgiveness plan. The Secretary said that borrowers with growing accrued interest would benefit the most. Rep. Jayapal asked Secretary Cardona to comment on the fact that some institutions automatically bill their students for their books. The Secretary said that the issue is before a negotiated rulemaking panel so he cannot comment on it, but the Department is taking a close look at what students are paying for and want to make sure that the information that they are receiving is transparent.
- Rep. Erin Houchin (R-IN) asked Secretary Cardona what contributed to the failed rollout of the FAFSA. The Secretary said there have been many frustrating delays with the FAFSA but it is working now. He said there were some programmatic issues that it took the agency's engineers additional time to reprogram codes. Rep. Houchin asked what specific actions the Department was taking to assist students. The Secretary said that he had made \$50 million available to communities to target those students who have not filled out their FAFSAs, have videos on how to

complete the FAFSA, and is currently working with the Boys and Girls Club and YMCA on FAFSA completions. Rep. Houchin asked Secretary Cardona what grade he would give himself for the botched rollout of the FAFSA - saying that she would give him an F. The Secretary said that he was not going to answer the question.

- Rep. Bob Good (R-VA) asked Secretary Cardona whether student borrowers should be required to pay back their federal loans and whether the federal government should continue to make student loans considering the President wants to forgive them. The Secretary said that borrowers should pay back their loans and the Department was putting in place plans to help them do so.
- Rep. Lisa McClain (R-MI) asked Secretary Cardona what makes him qualified to ignore rulings by the U.S. House, U.S. Senate, the U.S. Court of Appeals for the Fifth Circuit, and the U.S. Supreme Court that have overturned the Department's federal student loan forgiveness program. The Secretary said that the Higher Education Act gives him the authority to forgive student loans. Rep. McClain asked why the federal government is not forgiving mortgage or auto debt, as opposed to student loans.
- Rep. Susan Wild (D-PA) said she is concerned with the rollout of the FAFSA and she has heard that 30 percent of financial aid forms sent to colleges and universities have errors, which the Secretary said have been corrected.
- Rep. Haley Stevens (D-MI) discussed legislation that she has introduced to exempt student loan debt held by parents from the Student Aid Index used to calculate federal financial aid.
- Rep. Lori Chavez-Deremer (R-OR) said that, over the last few months, many of her constituents have struggled with filling out the FAFSA and, when they call, they are met with long wait times and told their problems are technical glitches with little guidance on next steps.

For additional coverage, including an archived webcast of the hearing, visit the [committee website](#).

House and Senate Education and Appropriations Committee Leaders Send Letter to Education Secretary Cardona Urging Steps to Ensure FAFSA Problems Do Not Occur Next Year

Earlier this week, House Education and the Workforce Committee, Senate Health, Education, Labor, and Pensions Committee, House Appropriations Committee, and Senate Appropriations Committee leaders sent a [letter](#) to Education Secretary Miguel Cardona raising concerns with the number of errors and delays in the implementation of the new Free Application for Federal Student Aid (FAFSA) and urging the U.S. Department of Education to take steps to ensure these problems do not occur again for the 2025-2026 school year. “This year’s FAFSA was not ready for the expected October 1 application opening, and the public was not given clear information about when the FAFSA would be released, which ultimately was not until December 31st,” the lawmakers wrote. “There are signs that the next cycle will face similar issues. We implore you to ensure the next application cycle for the 2025-2026 FAFSA goes smoothly.” The letter says that the Department has not yet published its draft FAFSA for the coming award year and the agency has told committee staff that it is not ready to talk about next year or any new plans to add more substantive consumer testing to help prevent future errors. The House and Senate leaders request that the Department provide weekly updates to staff on the timeline, consumer testing, and bug fixes on the 2025-2026 FAFSA beginning the first week in June, that the Department provide a list of any current errors or issues with the form that require resolution before the next FAFSA cycle by July 8 and the planned timeline for resolution of those issues, and that the Department ensures a beta version of the online form is made available no later than September 9, along with a timeline both for testing the online form with real students and financial aid administrators, and bringing the application live.

Brookings Institution Releases Pager Saying FAFSA Rollout Means Fewer Students Will Enroll in College Next Year

On Tuesday, the Brookings Institution released a new paper titled, [FAFSA Rollout Means Fewer Students Will Enroll in College Next Year](#). The paper says that only 36 percent of seniors in the class of 2024 have completed a FAFSA, down 24 percent from last year. While the nation has seen dramatic improvements in FAFSA completions, many colleges and universities are still bracing for enrollment declines. The report says that the U.S. Department of Education should provide similar data reports about college student FAFSA filing to provide transparency about the impact of the FAFSA rollout on returning students. Federal emergency aid should be available to offset enrollment declines and enable states to continue deploying guidance and support to help students complete the FAFSA.

Federal Reserve Releases Consumer Credit Report for March, Shows Increase in Student Loan Volume in First Quarter

On Tuesday, the Federal Reserve released its [Consumer Credit - G.19 Report](#), which showed that consumer credit increased at a seasonally adjusted annual rate of 1.5 percent in March 2024 and increased at a seasonally adjusted annual rate of 3.2 percent during the first quarter of the year. Revolving credit (mostly credit card debt) increased at an annual rate of 5.7 percent, while non revolving credit (mostly auto loans and student loans) increased at an annual rate of 2.2 percent. Total outstanding consumer credit stood at \$5.059 trillion at the end of March, up \$6.3 billion from February. The report showed that outstanding federal and private student loans at the end of the first quarter totaled \$1.751.1 trillion, an increase of \$23.9 billion from the fourth quarter of 2023.

SHEEO Releases Latest State Higher Education Finance Report Finding State and Local Funding Increased in FY 2023

The State Higher Education Executive Officers Association (SHEEO) recently released its new [State Higher Education Finance Report](#), which showed that state and local funding for higher education totaled \$129.8 billion in fiscal year 2023. Twenty-eight states and Washington, DC used some portion of federal stimulus funding provided to state governments for higher education. Federal stimulus funding allocated by states to higher education totaled \$1.7 billion in 2023, down 26.6 percent before inflation from 2022 and comprised 1.3 percent of total support. States contributed \$116.4 billion (a 7.7 percent increase), and local governments in 32 states contributed \$13.4 billion to higher education (a 5.6 percent increase). Kelsey Kunkle, co-author of the report and a policy analyst at SHEEO, said the data showed that many states are willing to boost funding to fill the gap that will exist once federal COVID-19 funds disappear: even without the federal stimulus money, state higher education funding would be up 5.2 percent. “A number of states that had been using federal stimulus funding for higher ed are now showing a really strong commitment to higher education, which we are extremely happy to see,” Ms. Kunkle said.

The report reveals that financial aid represented the largest growth area for state support, increasing by 2.5 percent from 2022 to reach an all-time high of \$1,050 per full-time student in 2023. Those investments have helped lower the average student's financial burden for public higher education; there are now only 21 states where public university students shoulder more than half the share of college cost. At the same time, the report found that public higher education institutions are facing a worsening enrollment crisis. Net tuition revenue at public colleges and universities declined by 3.3 percent in 2023, the largest year-over-year drop since at least 1980. Full-time enrollment at public institutions fell by 0.5 percent from 2022 and was down by 12 percent from its peak in 2011. Enrollment declined in 25 states between 2022 and 2023, ranging from 0.1 percent in Nebraska to 5.3 percent in Ohio. For further coverage, see these articles from [Inside Higher Ed](#) and [Higher Ed Dive](#).

U.S. Department of Education News

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

The following announcements were posted to Federal Student Aid's Knowledge Center:

- [\(GENERAL-24-55\) REMINDER–Annual UEI Registration Renewal with SAM Website](#)
- [\(GENERAL-24-54\) 90-Day CIO Notification Electronic Announcement Updated Guidance](#)

General News

Last Friday, the American Enterprise Institute (AEI) held an [event](#) titled, “The Future of Private Student Lending in Higher Education,” to discuss the possibility of expanding private lending with Preston Cooper, Senior Fellow, Foundation for Research on Equal Opportunity; Dr. Beth Akers, Senior Fellow, AEI; Ken Ruggiero, Cofounder, Ascent Funding; Robert Shireman, Senior Fellow, Century Foundation; and Katherine Knott, Reporter, Inside Higher Ed. The panel agreed that expanding private student lending could help students in certain cases, especially when it comes to the Parent PLUS and Grad PLUS programs. Mr. Shireman argued for the necessity of federal student lending in some circumstances, especially to make sure that marginalized communities are not denied access to higher education. Dr. Akers and Mr. Cooper said that such concerns

could be assuaged by federal grant aid for students.

[CNBC](#) reports that interest rates on federal student loans may increase by 1 percent point for student, graduate, and parent borrowers.

[The Hill](#) reports that Rep. Marjorie Taylor Greene (R-GA) is softening her threat against House Speaker Mike Johnson (R-LA), saying she will give the Speaker more time to demonstrate his commitment to conservative priorities before forcing a vote on her resolution to boot him from power.

[Business Insider](#) reports that Sen. Elizabeth Warren (D-MA) recently led a group of Democrats pushing for increased funding for the Office of Federal Student Aid saying that key priorities like the SAVE Plan are at risk without more resources.

[The Hill](#) reports on the results of the Lumina Foundation-Gallup 2024 State of Higher Education Study, where college students list mental health and stress as top reasons that they may drop out of college. Another common reason for students looking to leave their programs was the financial cost, with 31 percent of students saying so, including 39 percent of those pursuing a bachelor's degree.

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