NCHER BRIEFING

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Senate Appropriations Committee Passes Labor, HHS, Education Appropriations Act

Today, the Senate Appropriations Committee met in executive session and passed the Fiscal Year 2025 Labor, Health and Human Services (HHS), Education, and Related Agencies Appropriations Act, which funds the U.S. Department of Education, by a vote of 25-3. In her opening statement, Chairwoman Patty Murray (D-WA) said that the bill makes common sense investments in programs that make a real difference for the nation's future. "There are investments in these bills to make families' lives a little easier and help parents make ends meet like increased funding for child care, our K-12 public schools, and to help students get a higher education, support for community health care and public health work, resources to make sure families can afford heating and AC, and much more," she said. There were no amendments offered during the committee's consideration of the legislation.

The Senate version of the Labor, HHS, Education Appropriations Act provides $80 billion in discretionary funding for the Department of Education. The bill provides a $100 increase in the maximum award for the Pell Grant program bringing it up to $7,495 for the 2025-2026 award year. The bill sustains funding for Federal Work Study and the Federal Supplemental Educational Opportunity Grant that provide additional need-based aid to students to help afford postsecondary education. It includes a $20 million increase for Federal TRIO Programs, a $5 million increase for GEAR UP, a $5 million increase for the Child Care Access Means Parents in School Program, a $5 million increase for the Basic Needs Program, and a $5 million increase for the Postsecondary Student Success Grant Program to help students prepare for and succeed in post-secondary education. The bill also includes an additional $100 million for student aid administration over last year, which will support a wide range of activities, including implementing the Free Application for Federal Student Aid, disbursing student aid, and ensuring services are available to student loan borrowers.

For a summary of the legislation, click here. For more information on the markup session, visit the committee website.

Department of Education Announces It Will Notify Borrowers of Federal Student Loan Forgiveness Available This Fall

The U.S. Department of Education announced that it will begin notifying borrowers today of the federal student loan forgiveness that may be available later this fall. The agency said that it will begin emailing all borrowers with at least one outstanding federally held student loan to provide updates on potential forgiveness, while informing them that they have until August 30th to call their servicer and opt out. In a press release, the Department said that the final rule has not yet been released and there is no guarantee that specific borrowers will be eligible for forgiveness. "Today, the Biden-Harris administration takes another step forward in our drive to deliver student debt relief to borrowers who've been failed by a broken system," said Secretary of Education Miguel Cardona. In April 2024, the Department released a Notice of Proposed Rulemaking that authorized the Secretary of Education to waive federal student loan debt for certain categories of borrowers such as borrowers who owe more than they did at the start of repayment, borrowers who have been in repayment for decades, borrowers who are otherwise eligible for loan forgiveness but have not yet applied, and borrowers who enrolled in low-financial value programs. The Department said that it expects all four of these proposed forms of relief would be provided to eligible borrowers without requiring any action from borrowers; no application will be needed. For those borrowers who opt out of the forgiveness, they will not be able to opt back in, and they will also be temporarily opted out of forgiveness due to enrollment in an income-driven repayment plan until the Department is able to automatically assess their eligibility for that benefit in a few months.

Separately, the Department notified participants that the opt-out opportunity does not apply to the waivers provided to borrowers with commercial Federal Family Education Loans (FFEL). The agency said it has told borrowers that they should not contact FFEL loan holders; however, some borrowers may begin contacting their commercial FFEL loan holders to opt-out or ask general questions about the waivers due to this communication. To ensure these borrower requests are handled correctly, the Department is requesting that commercial FFEL loan holders direct these borrowers to Department-held student loan servicers to ensure that their opt-out requests are submitted by the August 30th deadline.

Following the Department's announcement, Sen. Mitt Romney (R-UT), Senate Health, Education, Labor, and Pensions Committee Ranking Member Bill Cassidy (R-LA), Sen. Tim Scott (R-SC), and Sen. Thom Tillis (R-NC) introduced the Student Loan Accountability Act to prohibit the Department of Education, Department of Justice, and the Department of Treasury from taking any action to cancel or forgive the outstanding balances, or portions of balances, of federal student loans. "Despite the Supreme Court's ruling last summer that President Biden's student loan forgiveness proposal was unconstitutional, the White House continues to cancel student loans and publicly entertain additional cancellation policies," said Sen. Romney. "Not only are the Biden Administration's student loan cancellation schemes morally questionable—forcing hard working Americans who have already repaid their loans or decided to pursue alternative education paths to foot others' bills—these policies are wildly inflationary, fiscally reckless, and do nothing to actually address the real problem of increasing higher education costs." The senators first introduced the legislation in May 2022.

For additional coverage, see these articles from ABC News, Bankrate, and Forbes.

Department of Education Defers Batch Institutional Corrections Until 2025-2026 FAFSA Cycle

Earlier this week, the U.S. Department of Education's Office of Federal Student Aid (FSA) issued an Electronic Announcement saying that institutions of higher education will not be able to batch corrections to the Free Application for Federal Student Aid (FAFSA) in mid-August as originally announced and that batch corrections functionality will be deferred until the 2025-26 FAFSA cycle. In order to alleviate some of the challenges, FSA also announced that it has partnered with ECMC to make no-cost technical assistance available through third-party servicers to assist colleges and universities in manually processing corrections through the FAFSA Partner Portal. Currently, the National Association of Student Financial Aid Administrators (NASFAA)/Blue Icon, FAS, Inceptia, and ProEd will be providing technical assistance for institutions.

In response to FSA's announcement, Interim NASFAA President and Chief Executive Officer Beth Maglione issued the following statement: “Today's announcement is beyond frustrating. Once again, the Department of Education has failed to provide a key FAFSA deliverable when promised. While we understand that resources are finite and ensuring next year's FAFSA is fully functional is critical, the federal government is still obligated to ensure this year's students are able to access critical funds. The Department's poor planning has led to a stunning failure: Some college students might not have financial aid dollars in their hands in time to start classes in the next few weeks. And for schools, the impact of today's announcement means more than a few extra hours of work. It's the difference between pushing a button versus making thousands of keystrokes in terms of administrative burden. Students and families have suffered enough over the last seven months since the "Better FAFSA" application first opened. Those who didn't give up in frustration have worked through glitches, errors, and lapses in communication. We've heard stories of parents waiting on the phone with the Department for hours to ask for help, only to be disconnected or eventually hang up in exasperation. We've heard of students castigating themselves for "messing something up," when in reality the FAFSA process is what's broken. Too often, financial aid professionals have been on the receiving end of students' very understandable but misplaced dissatisfaction over things beyond their control.”

For additional coverage, see these articles from The Chronicle of Higher Education and Higher Ed Dive.

Sen. Rounds Set to Introduce Legislation Creating New Affordable Future Loan Program

Today, Sen. Mike Rounds (R-SD) plans to introduce legislation creating an Affordable Future Loan Program, a new federal student loan program made through eligible lenders where interest would not accrue while students are in school. Sen. Rounds said that it would provide another option for financing higher education for students who need to fill the gap between federal aid and the cost to attend most public institutions. “While it doesn’t change any existing programs, this bill would provide a low-interest choice for financing education and take Washington bureaucrats out of the process,” Sen. Rounds said in a statement.

Federal Reserve Concludes Two-Day Meeting, Leaves Interest Rates Unchanged

Yesterday, the Federal Reserve concluded a two-day meeting of its Federal Open Market Committee (FOMC), where it voted to maintain interest rates at current levels in the range of 5.25 percent to 5.5 percent. At the same time, in a post-meeting press conference, Federal Reserve Board of Governors Chairman Jerome Powell hinted that a rate cut may come in September saying that the Fed needs to see that the data on the evolving outlook and balance of risks are consistent with rising confidence on inflation falling. “If that test is met, a reduction in the policy rate could be on the table as soon as September,” said Chairman Powell. He added that the committee has a broad sense that the economy is moving closer to the point where it will be appropriate to reduce the interest rate.

In a statement issued after the meeting, the FOMC said that there will not be a cut in the interest rate until it has gained greater confidence that inflation is moving toward its target rate of 2 percent: “Recent indicators suggest that economic activity has continued to expand at a solid pace, the report says. Job gains have moderated, and the unemployment rate has moved up but remains low. Inflation has eased over the past year but remains somewhat elevated. In recent months, there has been some further progress toward the committee's 2 percent inflation objective and the committee judges that the risks to achieving its employment and inflation goals continue to move into better balance. In considering any adjustments to the target range for the federal funds rate, the committee will carefully assess incoming data, the evolving outlook, and the balance of risks."

For additional coverage, see these articles from ABC News and Forbes.

U.S. Department of Education News

For today's Federal Register, click here.

Press Release: U.S. Secretary of Education to Uplift Student Debt Relief Actions in Philadelphia

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

- (CB-24-16) Information and Reporting Reminders for the Fiscal Operations Report for 2023–24 and Application to Participate for 2025–26 (FISAP)
- (GENERAL-24-96) Update on Batch Corrections for Institutions via the Electronic Data Exchange, Flexibilities, and Additional Support for the 2024-25 FAFSA Cycle
- (GENERAL-24-95) Update on Identity Validation Flexibilities for Individuals without Social Security Numbers and Key Remaining Scope for the 2024-25 FAFSA Cycle
- (GENERAL-24-94) Updates on 2024-25 FAFSA Paper Processing
- (GENERAL-24-93) Guidance on Means-Tested Benefits Outreach for Institutions and State Grant Agencies

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General News

The Hill reports that the U.S. Supreme Court is set to take up major education cases, including the U.S. Department of Education's Saving on a Valuable Education Plan.

Higher Ed Dive highlights results from New America's "Varying Degrees" report - just 36 percent of surveyed adults said they think higher education in the U.S. is "fine how it is," down 5 percentage points from last year. Adults across the political divide shared this view, only 39 percent of Republicans and 36 percent of Democrats agreed the sector is currently fine and a large majority of adults from both parties agreed that cost is the biggest factor preventing people from attending college.

The Hill reports that University of California President Michael Drake will step down in 2025.

Higher Ed Dive reports Georgetown University recently released a report that found 15 million more good jobs will be created for workers with bachelor's diplomas in the next decade.

An online version of this Daily Briefing is available to view and print from the **Daily Briefing Section** of the **NCHER e-Library**.

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