



Thursday, August 8, 2024

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NCHER Legal Meeting: In-Person and Virtual Options Now Available, Register Today!

NCHER will hold its annual Legal Meeting on Thursday, October 24, 2024 at the law offices of Hinshaw & Culbertson LLP in Chicago, IL (151 North Franklin Street, Suite 2500, Chicago, IL 60606). The planning committee is hard at work and expected to release the preliminary agenda within the next two weeks. In the meantime, you can choose to register for the meeting in-person or virtually. For those attending in-person, similar to the past, members will need to make their own hotel reservations. There are

several hotels within walking distance of the law firm. A non-exclusive list is posted on our website. For those attending virtually, members should be aware that active participation for remote registrants will be limited.

As in the past, this will be a one-day meeting that will start around 8:30 am and end around 4:00 pm CT. The registration fee will be \$500 for members and \$600 for nonmembers. So mark your calendars and [register](#) today!

Thanks to Vaishali Rao and our friends at Hinshaw & Culbertson for hosting the meeting!

Department of Education Announces Delay of 2025-2026 FAFSA, Testing Starting on October 1 and Available to All Students on December 1

Yesterday, the U.S. Department of Education [announced](#) that it will delay the launch of the 2025-2026 Free Application for Federal Student Aid (FAFSA). Starting on October 1st, the Department will release the 2025-26 FAFSA for testing with a limited set of students and institutions with the goal to make the application available to all students on or before December 1st. The Department said that it will invite volunteers to participate in the testing period and, over time, will make the form available to an increasing number of participants, starting with hundreds and expanding to tens of thousands of applicants. The process will allow the Department to test and resolve issues before making the form available to all students and contributors. Using this approach, the Department argues, will allow it to launch full functionality, including submission and back-end processing at the same time. The Department stated that the goal of the phased rollout of the 2025-26 FAFSA form will also allow the agency to incorporate user feedback to ensure the application's instructions are clear and easy-to-use for students and contributors and provide resources for the community that supports students and families.

Throughout the testing period, the Department said that it will share regular updates with students, families, and a broad range of community stakeholders to make sure they clearly understand the process. The Department will also seek feedback from its partners through listening sessions held this month and a new formal request for information that will be released next week. The Department will publish more about what it has learned through these engagements, including releasing a new roadmap with additional tools for students and families, counselors, institutions, and other partners planning for the 2025-

26 FAFSA season.

While several higher education groups welcomed the Department's commitment to a fully functioning FAFSA, Republicans immediately criticized the further delay. House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) released the following statement: "Ensuring a working, timely, and accurate FAFSA should have been the Biden-Harris administration's priority from day one. Instead, it has continually shown that illegal debt transfer schemes are far more important than ensuring low-income students can afford college. We've seen this movie before, and spoiler alert, it was a disaster: students and institutions are still reeling from the Biden-Harris administration's missed deadlines and broken promises during last year's 'launch.' Needing yet another delay to 'fix' issues for the second consecutive year reveals yet another layer of the Department's mismanagement of FAFSA these past four years. Clear communication has been sorely lacking and should be the bare minimum going forward. I'll continue fighting for transparency and accountability until a complete and ready FAFSA actually materializes."

For additional coverage, see the following articles:

- [FAFSA forms delayed again after last year's shaky rollout of revamped applications - The Hill](#)
- [Education Department delays release of financial aid form – again - POLITICO](#)
- [Education Department will launch FAFSA in phases - Inside Higher Ed](#)
- [Education Department: 2025-26 FAFSA to fully debut by Dec. 1 - Higher Ed Dive](#)

Senate HELP Committee Ranking Member Cassidy Urges Department of Education IG to Investigate Secretary Cardona Over Hatch Act Violations

Earlier this week, Senate Health, Education, Labor, and Pensions Committee Ranking Member Bill Cassidy (R-LA) sent a [letter](#) to U.S. Department of Education Inspector General Sandra Bruce urging her to investigate Education Secretary Miguel Cardona over a potential violation of the Hatch Act and other federal laws. The letter was also signed by Sens. Ted Cruz (R-TX) and Thom Tillis (R-NC). In the letter, the senators say that Secretary Cardona recently sent a letter to student loan borrowers regarding the Biden-Harris Administration's Saving on a Valuable Education or SAVE Plan that included partisan attacks against Republicans. "Congress did not appropriate taxpayer dollars to the

Department for the Secretary to characterize taxpayers as ‘special interests,’ engage in partisan political activities, or impugn elected officials,” the letter says. “Doing so is a clear misuse of congressionally appropriated funds and raises the possibility of Purpose Statute and Anti-Deficiency Act violations. Furthermore, given that this is a presidential election year, the repeated references to Republican elected officials suggest a call to action for the recipients of the letter—generally voters—to act against those officials either by voting against them at the polls or by contacting their elected representatives to voice opposition to their policy positions, raising the possibility of Hatch and Anti-Lobbying Act violations. The Biden-Harris administration should not use taxpayer dollars for transparently political attacks on Republicans.”

New York Fed Releases Latest Report on Household Debt and Credit

Earlier this week, the Federal Reserve Bank of New York released its [Quarterly Report on Household Debt and Credit](#), which showed total household debt increased by \$109 billion (0.6 percent) in the second quarter of 2024, to \$17.80 trillion. The report is based on data from the New York Fed’s nationally representative Consumer Credit Panel. According to the report, student loan balances fell during the three-month period and now stand at \$1.59 trillion. In contrast, mortgage balances rose by \$77 billion from the previous quarter and stood at \$12.52 trillion while credit card balances increased by \$27 billion to \$1.14 trillion in Q2 2024. Aggregate delinquency rates on consumer debt were unchanged from the previous quarter, with 3.2 percent of outstanding debt in some stage of delinquency at the end of the quarter. Delinquency transition rates increased slightly for most debt types except federal student loans. The report noted that missed federal student loan payments will not be reported to credit bureaus until Q4 2024. Because of this policy, less than 1 percent of aggregate student loan debt was reported as greater than 90 days delinquent or in default in Q2 2024 and will remain low until at least Q4 2024. The report says that about 136,000 consumers had a bankruptcy notation added to their credit reports in Q2 2024, an increase from the previous quarter in line with pre-pandemic seasonal trends.

Federal Reserve Releases Consumer Credit Report for June, Shows Decline in Student Loan Volume in Second Quarter

On Wednesday, the Federal Reserve released its [Consumer Credit - G.19 Report](#), which showed that consumer credit increased at a seasonally adjusted annual rate of 2.4 percent during the second quarter. In June, consumer credit increased at an annual rate of 2.1 percent. Revolving credit (mostly credit card debt) increased at an annual rate of 1.2 percent, while non revolving credit (mostly auto loans and student loans) increased at an annual rate of 2.9 percent. Total outstanding consumer credit stood at \$5.078 trillion at the end of June, up \$8.9 billion from May. The report showed that outstanding federal and private student loans at the end of the second quarter totaled \$1.744 trillion, a decrease of \$9.0 billion from the first quarter of 2024.

Sallie Mae Releases Annual “How America Pays for College” Report

On Wednesday, Sallie Mae released its annual [How America Pays for College 2024](#), which shows that families reported spending \$28,409 on college for academic year 2023-24, roughly the same as in 2022-23, and covered nearly half (48 percent) of expenses with income and savings. The report says that about 3 in 4 families (74 percent) reported completing the Free Application for Federal Student Aid (FAFSA) for the academic year but, of those who reported completing the new FAFSA, just 29 percent found it easier to complete. Of those who experienced a delay, 44 percent reported experiencing stress waiting for financial aid decisions, 21 percent sought out additional financial aid options, 14 percent considered switching to a lower-cost school, and 10 percent transferred schools. When it comes to financial aid offers from schools, 71 percent of families said they support a simplified, standardized letter.

Despite FAFSA confusion and delays, the report says that nearly all families (88 percent) believe college is an investment in their child’s future, and 79 percent are willing to stretch financially to get there. Six in 10 families (59 percent) had a plan to pay for college before the student enrolled, matching an all-time high. Families also reported using artificial intelligence (AI) technology in the college planning process: About one-quarter of students (23 percent) and 18 percent of parents used AI in the college application or decision-making process. Three in 10 families (29 percent) who used AI utilized it to research financial aid or scholarship options. Roughly half of families (49 percent) reported borrowing for college, up from 41 percent last year. Borrowing covered 23 percent of costs, up from 19 percent the prior year with federal student loans and parent loans used most frequently. More than 4 in 10 families who borrowed (43 percent) said they considered attending more expensive schools because of access to loans. Roughly half of students (48 percent) expect their federal loans to be forgiven; just 40 percent of

families who borrowed discussed who would be responsible for paying back student loans.

For further coverage, see these articles from [CNBC](#) and [Inside Higher Ed](#).

U.S. Department of Education News

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

[Press Release: White House Initiative on Historically Black Colleges and Universities Names 2024 HBCU Scholars](#)

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

- [\(GENERAL-24-99\) 2025-26 FAFSA Processing Timeline Update](#)
- [\(GENERAL-24-98\) Update on Student Debt Relief Opt-Out Communications](#)
- [\(GE-24-07\) Draft NSLDS FVT/GE Completers List Now Available \(Updated Aug. 6, 2024\)](#)

General News

[Inside Higher Ed](#) examines the record of Minnesota Gov. Tim Waltz, the current pick for Vice President if Democratic Presidential Candidate Kamala Harris wins in November, and says that he has backed free college and big investments in state universities.

[Business Insider](#) reports that Senate Democrats, led by Sen. Elizabeth Warren (D-MA) sent a letter to Navient asking for information on its process to discharge private loans for borrowers who said they were defrauded by their schools.

[Inside Higher Ed](#) reports that colleges and universities are balking at a plan by the U.S. Department of Education to require attendance taking in online courses saying that it would create a financial and time burden.

[Forbes](#) reports that higher education's leadership is excited about the use of artificial intelligence and they are struggling to turn that recognition into action.

[Inside Higher Ed](#) highlights a new report from the Urban Institute showing 7.2 million Americans over 50 years old hold student loan debt and saying that the financial burden not only puts a strain on the borrowers themselves but the social welfare programs designed to be their safety net.

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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