



# DAILY BRIEFING

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Monday, August 8, 2022

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## *NCHER Daily Briefing Publishing on Abbreviated Schedule in August*

The *NCHER Daily Briefing* will be published on an abbreviated schedule consisting of today and Thursday as most of Congress has begun the traditional month-long August recess. We will resume our regular publication schedule once Congress returns from its break.

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## 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](#).

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## Federal Judge Grants Preliminary Approval to *Sweet v. Cardona* Settlement

Last week, U.S. District Court for the Northern District of California Judge William Alsup held a hearing to discuss the proposed settlement in *Sweet v. Cardona*, the class action suit filed by consumer groups against the U.S. Department of Education for failing to approve certain borrower defense to repayment claims. During the hearing, Judge Alsup gave [preliminarily approval](#) to the settlement, calling it “fair, reasonable, and adequate to the members of the class.” While the judge approved the proposed settlement, he noted that there were still questions as to whether the Department has the authority to forgive mass amounts of federal student loan debt as proposed by the settlement. The settlement would discharge over \$6 billion in student loan debt for around 200,000 borrowers involved in the suit who claimed that they had been defrauded by their institutions. Judge Alsup also granted additional time for several colleges and other parties to file motions to intervene in the case, setting a deadline of August 25th. A hearing on the final approval of the proposed settlement is currently scheduled for November 3, 2022.

For further coverage, see these articles from [Higher Ed Dive](#) and [The Washington Post](#).

## Senate Confirms Paydar as Assistant Secretary of Postsecondary Education

Last week, the U.S. Senate confirmed Dr. Nasser Paydar to serve as the next Assistant Secretary for Postsecondary Education at the U.S. Department of Education. “It is with great excitement that I congratulate Dr. Nasser Paydar on his confirmation as Assistant Secretary for Postsecondary Education,” Education Secretary Miguel Cardona said in a [statement](#). “Dr. Paydar brings to the U.S. Department of Education more than three-and-a-half decades of experience as a university leader and educator, during which time he has demonstrated an unwavering commitment to creating accessible pathways to college and careers for students of all ages, abilities, and backgrounds.” Dr. Nasser Paydar currently serves as Chancellor Emeritus of Indiana University–Purdue University Indianapolis (IUPUI) and Executive Vice President of Indiana University (IU). An IU faculty member for more than 36 years, he has held various administrative and executive leadership positions at the university. He joined IUPUI in 1985 as an Assistant Professor of Mechanical Engineering. From 1989 to 2003, he held a number of positions in the school, including chair of the Department of Mechanical Engineering, Associate Dean for

Graduate Programs, Associate Dean for Academic Programs, and Executive Associate Dean.

## Federal Reserve Releases Consumer Credit Report, Finds Credit Increased at Annual Rate of 10.5 Percent in June

Last week, the Federal Reserve released its monthly [Consumer Credit - G.19 Report](#), which found that consumer credit increased at a seasonally adjusted annual rate of 10.5 percent in June 2022. For the second quarter, consumer credit increased at a seasonally adjusted annual rate of 8.7 percent, with revolving credit (mostly credit card debt) increasing at an annual rate of 14.6 percent and nonrevolving credit (mostly auto and student loans) increasing at an annual rate of 6.9 percent. Total outstanding consumer credit stood at \$4.627 trillion at the end of June, up \$40.1 billion from May. For the month, revolving credit increased by \$14.8 billion and nonrevolving credit increased by \$25.4 billion. Nonrevolving debt owned by the federal government (mostly Direct Loans) increased by a modest \$1.4 billion. The report shows that the total amount of student loans stood at \$1.748 trillion as of the end of the second quarter, the same number as at the end of the first quarter.

## NBER Working Paper Examines Impact of Full Participation in PSLF Waiver

The National Bureau of Economic Research (NBER) recently published a working paper titled, [Waivers for the Public Service Loan Forgiveness Program: Who Would Benefit from Take-up?](#), which uses data from the 2018 Survey of Income and Program Participation to estimate how many borrowers would be eligible for forgiveness under the time-limited waiver for the Public Service Loan Forgiveness (PSLF) program. NBER estimates that 3.5 million borrowers may be eligible for over \$100 billion in loan forgiveness, and notes that potential beneficiaries of forgiveness are disproportionately teachers or healthcare workers. The organization added that the distribution of PSLF waiver benefits depends on the extent to which high-income borrowers and those with advanced degrees are more likely to take advantage of the waiver program. NBER estimates that Black Americans are more likely to benefit from the waiver program and that Black borrowers would receive around 22 percent of immediate PSLF relief despite making up only 18.1 percent of eligible borrowers. The paper cites that the aggregate effect of the PSLF waiver would be 14 percent in debt reduction per borrower, but actual debt reduction will differ by occupation, income decile, and race. Teachers and social

workers would see substantial debt relief; borrowers in the 50th – 80th percentiles of income would see the highest levels of forgiveness; and, most significantly, the Black-white gap in student loan debt would decrease from \$1,575 to \$868 if all eligible borrowers participated in the PSLF waiver. NBER emphasizes that these estimated effects are assuming that all eligible borrowers will take up the PSLF waiver program, but their analysis finds that “selection” into the waiver skews toward the relatively higher-income and those with advanced degrees. NBER recommends increased outreach efforts and administrative support for completing applications to address the take-up issue associated with the PSLF waiver program.

## 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 website:

- [\(GENERAL-22-53\) Access Issue Affecting Loan Servicer and Guaranty Agency Users of NSLDS Professional Access and FSA Partner Connect Websites \(Updated Aug. 8, 2022\)](#)
- [\(GENERAL-22-52\) REMINDER #2 – Institutions Must Complete the Transition to the Unique Entity Identifier \(UEI\)](#)
- [\(GENERAL-22-51\) 2022 Virtual Federal Student Aid Training Conference – Agendas Now Available](#)
- [Comment Request: State Authorization](#)

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## General News

[Ballard Spahr's Consumer Finance Monitor](#) reports that Consumer Financial Protection Bureau Deputy Director Martinez sent out a memo to staff last month announcing several organizational changes. First, the work of the Students Team and the Private Education Loan Ombudsman will be consolidated into a single Office for Student and Young Consumers that will be led by an Assistant Director for Students. Second, to prepare for the likelihood of increased oversight demands from a Republican-controlled House and/or Senate following the mid-term elections in November, the Legal Division will divide the Office of Litigation and Oversight into two separate offices: an Office of Litigation and an Office of Oversight. All of the Office of Litigation and Oversight's

current staff will remain in the Office of Litigation and continue to work on litigation matters. The Office of Oversight will be staffed by new personnel.

[Higher Ed Dive](#) and [Forbes](#) report that House Education and Labor Committee Republicans recently released a legislative proposal to rework federal student loan policies, presenting it as an alternative to the Biden Administration's plans, which they deemed costly and regressive.

[CNN](#) reports on what to know about five federal student loan forgiveness programs -- and how President Joe Biden has expanded them.

[Business Insider](#) reports that federal student loan payments are slated to resume on September 1st, and borrowers and experts are debating what is next as the two-year pause in paying down \$1.6 trillion of federal debt comes to an end. Related, [Yahoo News](#) reports on federal student loan debt and how to prepare for repayment when payments resume.

[NPR](#) includes an interview with journalist Will Bunch who argues that college is increasingly out of reach for many students and examines what went wrong.

[Higher Ed Dive](#) reports that colleges and universities with COVID-19 vaccination requirements reduced the number of positive cases and related deaths in surrounding areas, according to a working paper published by the National Bureau of Economic Research.

[Money](#) provides a guide to credit scores and student loan refinance.

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