NCHER DAILY BRIEFING

Monday, November 28, 2022

In Today's Edition

- Weekly Rundown
- White House Extends Federal Student Loan Payment and Collections Pause
- States, Consumer Groups File Briefs with Supreme Court on Federal Student Loan Forgiveness
- Federal Reserve Releases Minutes From Recent Meeting, Suggests Slower Pace to Rate Increases
- U.S. Department of Education News
- General News

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](#).

White House Extends Federal Student Loan Payment and Collections Pause

Last week, the White House announced that it was extending the current pause on federal student loan payments, interest accrual, and collections that was slated to expire on December 31st, as the Biden Administration's plan for federal student loan forgiveness is tied up in court. According a press release, the U.S. Department of Education announced the extension to alleviate uncertainty for borrowers as the U.S. Department of Justice asks the U.S. Supreme Court to review lower-court orders that are preventing the Department from implementing its plan to provide debt relief for tens of millions of Americans. The Department said that payments will resume 60 days after the Department is permitted to implement the program or the litigation is resolved, which will give the Supreme Court an opportunity to resolve the case during its current term. If the program has not been implemented and the litigation has not been resolved by June 30, 2023, then payments will resume 60 days after that, so at the end of August 2022.

“Callous efforts to block student debt relief in the courts have caused tremendous financial uncertainty for millions of borrowers who cannot set their family budgets or even plan for the holidays without a clear picture of their student debt obligations, and it’s just plain wrong,” said Secretary of Education Miguel Cardona. “I want borrowers to know that the Biden-Harris Administration has their backs and we’re as committed as ever to fighting to deliver essential student debt relief to tens of millions of Americans. We’re extending the payment pause because it would be deeply unfair to ask borrowers to pay a debt that they wouldn’t have to pay, were it not for the baseless lawsuits brought by Republican officials and special interests.”

The Department said that student and parent borrowers can use the additional time to ensure their contact information is up to date with their loan servicers and consider enrolling in electronic debit and income-driven repayment plans to support a smooth transition to repayment.

Interestingly, *Bloomberg’s* Editorial Board published an op-ed criticizing the action saying that the White House’s recent extension will make the federal student loan mess worse. “It’s difficult to overstate the folly of this decision. The student-loan moratorium has been extended eight times; Biden now says the freeze will last until at least next June. While this may cheer borrowers who’ve grown accustomed to forbearance, the rest of the country will bear the costs. The moratorium has already deprived the government of $155 billion in expected revenue; freezing payments through the middle of 2023 will cost taxpayers tens of billions more. Because much student-loan debt is held by high earners and those who borrowed to pay for graduate degrees, the extension amounts to a subsidy for the affluent at the expense of Americans without a college degree.” The op-ed goes on to say that the federal student loan payment pause made sense as a form of temporary relief during the early months of the COVID-19 pandemic, but there is no such justification now with unemployment back to pre-pandemic levels. It also says that allowing borrowers to forgo monthly payments also belies the administration's commitment to fight inflation, since borrowers are likely to spend the money they would otherwise have applied to their loans.

"Given these obvious harms, the administration's motives seem almost entirely political," the editors say. "Having dangled widescale loan forgiveness to rally support among young voters before the midterm elections, Biden risks a backlash if he requires borrowers to resume making payments before any of the promised debt relief has materialized. In the event that the courts strike down the loan-forgiveness plan, progressive advocates are sure to demand that the repayment pause be extended indefinitely. This would encourage borrowers of all income levels to take out bigger loans, remove incentives on colleges to hold down costs, and boost overall debt levels even more — effectively, the worst of all worlds."

For additional coverage, see the following articles:

CNBC reports that federal student loan payments may not resume until August. Here is what borrowers need to know.

CNN reports that the White House extended the federal student loan repayment freeze as its forgiveness program is tied up in the courts.

USA Today reports that the White House, holding out for the U.S. Supreme Court, offers another student loan payment pause extension.

Yahoo Finance reports that the White House extends the student loan pause to June 2023 as courts stall debt forgiveness.

States, Consumer Groups File Briefs with Supreme Court on Federal Student Loan Forgiveness

Last week, the six states, that originally sued the U.S. Department of Education to prevent it from implementing its federal student loan forgiveness plan, filed a brief with the U.S. Supreme Court urging it to reject the U.S. Department of Justice's (DOJ) request to allow it to move forward with the plan. As previously reported, DOJ has requested that the court overturn a decision from the U.S. Court of Appeals from the Eighth Circuit to grant an emergency injunction halting the program while litigation continues to play out. In their brief, the states - Arkansas, Iowa, Kansas, Missouri, Nebraska, and South Carolina - continue to argue that the Biden Administration exceeded its authority under the HEROES Act when it created the program. The states argue that the administration is trying to "assert power far beyond anything Congress could have conceived." The states also argue that the debt cancellation plan threatens state revenues and money earned by states that invest in or service student loans. Seventeen Attorneys General (AG) filed a similar brief voicing their support for the lawsuit challenging the federal loan forgiveness scheme, calling it an "egregious example of executive abuse." The brief was signed by the AGs of Alabama, Alaska, Arizona, Florida, Georgia, Indiana, Louisiana, Mississippi, Montana, New Hampshire, North Dakota, Ohio, Oklahoma, Texas, Utah, West Virginia, and Wyoming.

Several notable individuals and advocacy groups filed briefs on the case, including the following:

- Former House Democrat: Former Rep. George Miller (D-CA) filed a brief arguing that the legislative history of the HEROES Act, which passed Congress unanimously in 2003, supported the administration's interpretation that it authorizes debt relief in this case.
- Consumer Groups: A coalition of 21 legal services and borrower advocacy organizations, led by the Student Borrower Protection Center, filed a brief arguing that the pandemic has "made cancellation a necessity for student loan borrowers." The brief details systemic failures in the student loan system that were exacerbated by the pandemic and argues that borrowers deserve pandemic assistance just "like the airlines, Fortune 500 Companies, universities, small businesses, and farmers for whom the government has already delivered significant COVID relief."
- Teachers Union: The American Federation of Teachers filed a brief addressing arguments from some critics that the federal student loan forgiveness program would undermine the Public Service Loan Forgiveness program. "Student debt relief will enhance, not undermine, Americans' ability to enter public sector careers as the Nation emerges from the pandemic," the brief says, which also details the harm that COVID-19 inflicted on educators.
- Conservative groups: Americans for Prosperity filed a briefarguing that the Biden Administration's federal student loan forgiveness plan is an abuse of authority and illegal. The group argues that "the same Executive power claimed here might be used to suspend or modify tax enforcement, alter other loan obligations, or otherwise arrogate to the President Congress's power of the purse." The Hamilton

Lincoln Law Institute filed a brief arguing that widespread debt relief "will create perverse incentives that will substantially raise tuition for future students."

Notably, none of the associations representing colleges and universities filed brief with the court, choosing to mostly stay neutral. When the program was first announced in August, some associations like the Association of Public and Land-grant Universities issued statements in support. Since then, however, most major organizations have remained silent.

For additional coverage on see these articles from *Reuters* and *USA Today*.

Federal Reserve Releases Minutes From Recent Meeting, Suggests Slower Pace to Rate Increases

Last week, the Federal Reserve released the minutes for the meeting of its Federal Open Market Committee (FOMC) held on November 1-2, 2022. At the meeting, the committee raised the target range for the Federal Funds Rate by 75 basis points, to 3¾ to 4 percent. The minutes indicate that the November increase was another step toward making monetary policy sufficiently restrictive to help ease supply and demand imbalances and to return to 2 percent inflation over time. However, according to the minutes, a "number of participants observed that, as monetary policy approached a stance that was sufficiently restrictive to achieve the committee's goals, it would become appropriate to slow the pace of increase in the target range for the federal funds rate. In addition, a substantial majority of participants judged that a slowing in the pace of increase would likely soon be appropriate." At several points, the minutes indicate that the committee members realized that it would take time for the full effects of monetary restraint to take effect, and that the lag complicated an assessment of monetary policy. Several participants also commented that rapid tightening increased the risk of instability in the financial system. The next meeting of the FOMC is scheduled for December 13-14, 2022.

U.S. Department of Education News

For today's Federal Register, click here.

The following announcement was posted to the Federal Student Aid's Knowledge Center Website:

- (GENERAL-22-93)**NSLDS Professional Access – Upcoming Special NSLDS Postscreening for Unusual Enrollment History**

General News

Yahoo Finance reports on five potential shakeups to federal student loan repayments expected in the new year.

The Hill reports that Democrats are aiming big in its Lame-Duck agenda before Republicans take the majority in the U.S. House of Representatives.

Roll Call reports that negotiations between Democrats and Republicans are a standstill on the Omnibus Appropriations package that is supposed to wrap up the budget and appropriations process for the year.

Vox reports on the shrinking population of college-goers.

Higher Ed Dive reports on class and wealth divisions between faculty and broader society.

The Chronicle of Higher Education reports that deans at 10 of the 15 top-ranked law schools have said they will stop sending their data to *U.S. News & World Report*.

1050 Connecticut Ave NW #65793
Washington, DC 20035

Phone: **(202) 822-2106**
Fax: (202) 822-2142