NCHER
DAILY BRIEFING

Thursday, March 3, 2022

In Today's Edition

Senate Banking Committee Leaders Introduce Economic Continuity and Stability Act, Includes Language on LIBOR Transition

Yesterday, Sen. Jon Tester (D-MT), Sen. Thom Tillis (R-NC), Senate Banking, Housing, and Urban Affairs Committee Chairman Sherrod Brown (D-OH), and Senate Banking, Housing, and Urban Affairs Committee Ranking Member Patrick Toomey (R-PA) introduced the [Economic Continuity and Stability Act](). The bipartisan bill is designed to: (1) establish a clear and uniform process, on a nationwide basis, for replacing the London Interbank Offered Rate (LIBOR) in existing contracts where the terms do not provide for the use of a clearly defined or practicable replacement benchmark rate, without affecting the ability of parties to use any appropriate benchmark rate in new contracts; (2)

preclude litigation related to existing contracts where the terms do not provide for the use of a clearly defined or practicable replacement benchmark rate by providing a safe harbor for selection and use the replacement benchmark rate; (3) allow existing contracts that reference LIBOR but provide for the use of a clearly defined and practicable replacement rate, to operate according to their terms; and (4) provide that modifications of existing contracts do not result in recognition of gain or loss for federal income tax purposes. The legislation identifies the replacement benchmark rate as the Secured Overnight Financing Rate (SOFR), and provides for preemption of any state law relating to selection and use of a benchmark replacement.

Of interest to the NCHER membership, the Economic Continuity and Stability Act includes the same transition language as in the House bill that provides for the replacement of one-month LIBOR with a 30-day average SOFR in calculating special allowance payments for loans made under the Federal Family Education Loan Program (FFELP). This language was prepared in consultation with the FFELP industry. The legislation is a Senate companion to H.R. 4616, the Adjustable Interest Rate (LIBOR) Act of 2021 passed by the U.S. House of Representatives on December 8, 2021. For a press release issued by the Senate Banking Committee, click **here**.

House Education and Labor Subcommittee Holds Hearing on Importance of HSIs and MSIs, Discusses Importance of Increasing Pell Grants

Yesterday, the House Education and Labor Subcommittee on Higher Education and Workforce Investment held a hearing titled, "Investing in Economic Mobility: The Important Role of Hispanic Serving Institutions and Other Minority Serving Institutions." Witnesses included Dr. José Luis Cruz Rivera, President, Northern Arizona University; Dr. Patricia Ramsey, President, Medgar Evers College; Dr. Janine Davidson, President, Metropolitan State University of Denver; and Dr. Robert Teranishi, Professor of Education, Morgan and Helen Chu Endowed Chair in Asian American Studies, University of California, Los Angeles.

In her **opening statement**, Subcommittee Chairwoman Frederica Wilson (D-FL) said that the hearing is an opportunity to discuss how Hispanic-Serving Institutions (HSIs) and other Minority-Serving Institutions (MSIs) deliver on the nation's promise to provide higher education for all. She said that it is the second in a series of hearings dedicated to examining the role of colleges and universities that are dedicated to serving historically underserved students. In her **opening statement**, Subcommittee Ranking Member Mariannette Miller-Meeks echoed the sentiments of the Chair and said attending a MSI can open the pathway to success for many students across the country.

During the witness testimony and during the question-and-answer portion of the hearing, committee members discussed the need to increase the maximum award for the Pell Grant program. For example, Dr. Cruz Rivera said, “To make college more affordable for those students who have the least today, but can contribute the most tomorrow to resurrect a strong middle-class in our country, more of the dollars allocated through federal financial aid programs should flow through the Pell Grant.” House Education and Labor Committee Chair Bobby Scott (D-VA) said, “I'd point out that doubling the Pell Grant won't even get us back to where we were in the 1970s where it was covering 75 percent. We need about two and a half times the present Pell Grant to get there. But we do have support — the President mentioned significant increases in Pell Grants in his State of the Union last night, so we're going to do the best we can to make sure those increases take place.”
For additional coverage, including an archived webcast of the hearing, visit the **committee website**.

St. Louis Fed Blog Discusses End of Federal Student Loan Payment Pause

The Federal Reserve Bank of St. Louis recently posted a **blog** raising concerns about loan defaults as COVID-19 forbearance policies expire in 2022. The author’s post says that, due to forbearance and other relief policies put in place after March 2022, delinquencies in mortgages and student loans are currently at historic lows. But as the programs end, the need to help borrowers transition back to sustainable solvency may require equally thoughtful and proactive responses. He forecasts that, once federal student loan payments resume after May 1, delinquency rates may snap back to their previous highs where 10 percent or more were past due. He also says that long-standing racial inequities have resulted in Black families having to disproportionately rely on debt to pursue college. For example, among the class of 2016, the average student loan balance one year after graduation for Black students was $42,746 compared with $34,622 for white students. He references the web of repayment plans for student loan borrowers, but points out that borrowers need to reach out and work with their federal student loan servicer to make arrangements. In the longer term, he recommends simplifying the repayment options, which will help both borrowers and loan servicers.

FSA COO Cordray Urges Borrowers for Patience as Payment Counts Are Updated, Industry to Hold Webinar in Mid-March

Federal Student Aid (FSA) Chief Operating Officer Richard Cordray recently **tweeted** that student loan borrowers should utilize the FedLoan borrower portal to check the status of their application for Public Service Loan Forgiveness (PSLF) rather than "flood[ing] our phone lines." The tweet comes in response to interest in the U.S. Department of Education's time-limited waiver that would allow borrowers to receive credit for past periods of repayment that normally would not count toward PSLF. The Department estimates that the limited waiver program will affect more than one million borrowers who work in public service. While FSA has been working to update payment counts for borrowers that qualify for the program, Mr. Cordray's tweet suggests that the office may be overwhelmed by this program overhaul.

Separately, on Tuesday, March 15, 2022 from 11:00 a.m. to 12:30 p.m. ET, NCHER, EFC, and SLSA will host a webinar to discuss the time-limited waiver for the Public Service Loan Forgiveness Program in greater detail. The webinar is expected to review the specifics of the Department's program, discuss the recent bulletin released by the Consumer Financial Protection Bureau, review relevant items included in the *Navient* case, highlight best practices on what FFELP servicers are doing and/or should be doing to help student and parent borrowers, and review what industry and consumer groups are hearing from borrowers. The zoom link has been circulated to all NCHER primary contacts - no registration is necessary.

U.S. Department of Education News

For today's *Federal Register*, click **here**.

General News

House Financial Services Committee Democrats release an **op-ed** urging Senate Republicans to end their boycott and vote to confirm the President's nominees to the

Federal Reserve.

The Hechinger Report published an opinion piece encouraging the U.S. Department of Education to take immediate action to reform the federal student loan program before defaults push more students and families into poverty.

Inside Higher Ed reports that some colleges and universities and their study abroad programs have started to recall students from programs in Russia and Ukraine. The programs have also suspended upcoming courses in Russia due to the ongoing conflict.

Higher Ed Dive reports that many colleges and universities are dropping mask mandates following recent guidance from the Center for Disease Control and Prevention that classifies counties based on low, medium, or high COVID-19 community levels.

Inside Higher Ed reports that the Common Application is making changes to better accommodate transgender applicants in addition to including the option for a student to select their pronouns, which was added last year.

The Chronicle of Higher Education reports that many colleges and universities are decreasing surveillance of COVID-19 testing, with some institutions conducting less than half of the number of weekly tests they ran during peak testing periods.

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