



DAILY BRIEFING

Monday, January 9, 2023

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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](#).

NCHER Year-In-Review and Outlook for 2023 – Last Chance to Register!

Tomorrow, January 10, 2023 from 2:00 to 3:00 pm ET, NCHER will hold a “Year-In-Review and Outlook for 2023” using Zoom. This important webinar will review the policy, political, regulatory, and legal developments impacting the higher education finance community that took place in 2022, and the outlook for 2023. This is a member-only event, which means that you will need to be logged into the NCHER website to register. This is the last chance to register – so register [here](#) today!

House Elects McCarthy as Speaker, Republican Steering Committee Meets to Select Chair of House Education and the Workforce Committee

Late Friday, the U.S. House of Representatives met for the fifth consecutive day and, on the fifteenth ballot, elected Rep. Kevin McCarthy (R-CA) as the next Speaker. During the fourteenth ballot, the group of 20 conservative Republicans who opposed Rep. McCarthy throughout the week was whittled down to six members. On the fifteenth ballot, those six members voted present, allowing McCarthy to take the gavel. The House then adjourned for the weekend.

As previously reported, in order to secure the speakership, Rep. McCarthy had to make several compromises with members of the House Freedom Caucus, which could make governing difficult for Republicans. The following concessions are those that have been covered in the press:

- **Motion to Vacate:** Speaker McCarthy agreed to restore the ability of one member from either party to offer the motion to vacate the Speaker’s Chair, allowing any one member to call a vote to remove him.
- **Additional Committee Seats for Freedom Caucus members:** Speaker McCarthy agreed to provide House Freedom Caucus members with three of the nine seats on the powerful House Rules Committee, which has a big say in whether bills and amendments are brought to the floor.
- **Changes to the Appropriations Process:** Speaker McCarthy agreed that the House would vote separately on each of the 12 spending bills, such as the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act, instead

of having them bundled in a massive omnibus appropriations package like the \$1.7 trillion one that just passed in December.

- **Lower Federal Spending:** Speaker McCarthy agreed that Republicans would move a budget setting discretionary spending at Fiscal Year 2022 levels, which would translate to cuts to most programs.
- **Oversight:** Speaker McCarthy agreed to create a new subcommittee in the House Judiciary Committee that would focus on the "weaponization" of the federal government.

With the resolution of the Speaker's vote, the House will now move on to other organizing business that traditionally takes place within the first few days of the new Congress. For example, today, the House is expected to meet to consider a [Rules Package](#) that will dictate how the chamber will run for the 118th Congress. The rules package would reinstate a number of provisions put in place the last time Republicans controlled the House such as changing the name of the House Education and Labor Committee to the House Education and the Workforce Committee, requiring a separate vote to raise the debt limit, and bringing back a requirement that 3/5ths of the House must vote to raise taxes. The rules package would also reinstate the Holman rule, which allows amendments to appropriations bills targeting salaries and spending pertaining to individual federal employees.

Also today, the House Republican Steering Committee is scheduled to meet to finalize committee chairs and assignments for the 118th Congress. Rep. Virginia Foxx (R-NC) and Rep. Tim Walberg (R-MI) are vying to lead Republicans on the House Education and the Workforce Committee and both members are expected to make a presentation to the 30 members who sit on the committee. The committee granted a waiver to Rep. Foxx late last year so that she could be eligible to serve as the next Chair, and could make its decision later today or tomorrow.

For additional coverage, see the following articles:

[This week: House begins legislative business after Speaker spectacle | The Hill](#)

[McCarthy wins speaker election, finally - Roll Call](#)

[McCarthy concessions raise stakes on budget, debt limit - Roll Call](#)

Federal Reserve Releases Consumer Credit Report, Shows Increase of 7.1 Percent for November

Today, the Federal Reserve released its [Consumer Credit - G.19 Report](#), which shows that consumer credit increased at a seasonally adjusted annual rate of 7.1 percent in November 2022. Revolving credit (mostly credit card debt) increased at an annual rate of 16.9 percent, while nonrevolving credit (mostly auto loans and student loans) increased at an annual rate of 3.9 percent. Total outstanding consumer credit stood at \$4.76 trillion at the end of November, up \$28 billion from October. During the month, revolving credit increased by \$16.4 billion and nonrevolving credit increased by \$11.5 billion. Nonrevolving debt owned by the federal government (mostly Direct Loans) increased by \$1.1 billion.

CFPB Releases Blog Discussing How Supervised Companies Can Work With Bureau

Today, the Consumer Financial Protection Bureau (CFPB) released a [blog post](#) discussing what new supervised institutions need to know about working with the Bureau. The blog post says that the CFPB conducts supervisory activities for the purposes of: (A) assessing compliance with federal consumer financial law; (B) obtaining information about a supervised institution's activities and compliance systems and procedures; and (C) detecting and assessing risks to consumers and to markets for consumer financial products and services. The Bureau implements risk-based supervision through a "prioritization" approach, which is described further in the [Overview section of the Supervision and Examination Manual](#). The prioritization process is how the Office of Supervision determines which consumer financial markets, and which entities in them, to include in the supervisory work based on an analysis of relevant risk to consumers. When conducting an examination, CFPB's examiners generally do the following:

- Collect and review available information from within the CFPB, other federal and state agencies, and public sources, consistent with statutory requirements;
- Review documents and information obtained through information requests sent to supervised entities;
- Conduct onsite (or virtual) portions of exams to observe, conduct interviews, review additional documents and information, transaction test, and assess compliance management;

- Consult within the CFPB on legal issues arising from an examination, including legal violations;
- Draw preliminary conclusions about the regulated entity's compliance management and its statutory and regulatory compliance after internal consultation;
- Consult within the CFPB about examination work product and any corrective actions that the institution should take;
- Send the supervisory communication to the supervised entity.

The blog post says that, while supervised institutions are bound by statutes and regulations, not by the Supervision and Examination Manual, the CFPB makes it publicly available as a resource. Among other topics, it includes background information about relevant statutes and regulations. The Bureau says that legal discussions in the exam manual are not binding on examiners or other CFPB staff. A supervisory finding that an institution has violated the law is based on an application of the governing statute and regulations to that institution, so the manual is only a starting point for identifying a potential violation. At the end of an exam or other supervisory activities, examiners will provide the supervised institution with their findings in a supervisory communication, such as an [exam report](#) or [supervisory letter](#). Exam findings may include “matters requiring attention”. Examiners use this determination to communicate specific goals to accomplish to address violations of law, risk of such violations, or compliance management deficiencies.

Third Way Poll Finds Republican Voters Support Higher Education Reform

Third Way and Global Strategy Group recently released the results of a [poll](#) of 1,400 registered Republican voters throughout the country on how the electorate feels about higher education. According to the poll, Republican voters support additional federal intervention and oversight of colleges and universities. The survey found that 85 percent of Republican voters think that reforms of higher education systems are needed, and 70 percent agree that the federal government can do more to help college students succeed. Even though Republicans push back against federal action in other areas, the survey found that they see the need for a greater federal role in higher education. Key points include the following:

- 88 percent of respondents agree higher education programs should be required to provide a good “Return on Investment” if they are going to accept taxpayer dollars.

- 74 percent stated cracking down on predatory schools that advertise worthless degrees should be a priority for their Member of Congress.
- 85 percent agree higher education programs should disclose job market outcomes if they want to receive taxpayer funding.

In a press release following the release of the poll, Third Way suggested that these high numbers are evidence higher education could be one area for bipartisan cooperation and legislation in a divided Congress. “Republican voters are clear that they want to save taxpayer dollars from going to scam schools, are willing to accept federal intervention to protect both taxpayers and students, and desire increased transparency around how schools are performing so that consumers have the information they need to make smart decisions about where to invest their time and money in higher education. Policymakers should capitalize on this opportunity for bipartisan agreement in the next Congress to establish basic guardrails of quality for taxpayer-funded college programs.”

U.S. Department of Education News

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

The following announcement was posted to the FSA Knowledge Center:

- [\(GENERAL-23-01\) Birthday of Martin Luther King, Jr. Federal Holiday Processing and Customer Service Hours](#)

Member News



The Boards of Directors of the Kentucky Higher Education Assistance Authority (KHEAA) and Kentucky Higher Education Student Loan Corporation (KHESLC) recently [announced](#) that they are seeking a dynamic leader to fill the position of Chief Executive Officer/Executive Director. KHEAA/KHESLC are sister organizations created by state statute,

whose joint mission is to enable Kentuckians to achieve their education goals beyond high school. The CEO/Executive Director will serve as one of the Commonwealth's leading policy advocates for financial access to and successful completion of postsecondary education, representing the interests of prospective and enrolled Kentucky students and their families. To apply, submit a cover letter and resume via email in PDF format to ceosearch@kheaa.com by 4:30 PM EST Tuesday, January 31, 2023. For more information, click [here](#).

General News

[Fortune](#) discusses how student and parent borrowers can refinance their student loans.

[Yahoo Finance](#) reports that the end of the federal student loan repayment pause could lead to more credit card debt, according to a new report released by the Federal Reserve Bank of New York.

[CNBC](#) highlights how student and parent borrowers can get their federal loans forgiven even if the President's plan is struck down by the U.S. Supreme Court.

[The Washington Post](#) highlights the ongoing difficulties that community college students are having in transferring to a four-year college or university because of a lack of advising as well as lost credit and complicated processes.

[Higher Ed Dive](#) provides a list of the five higher education lawsuits to watch in 2023.

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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