NCHER BRIEFING

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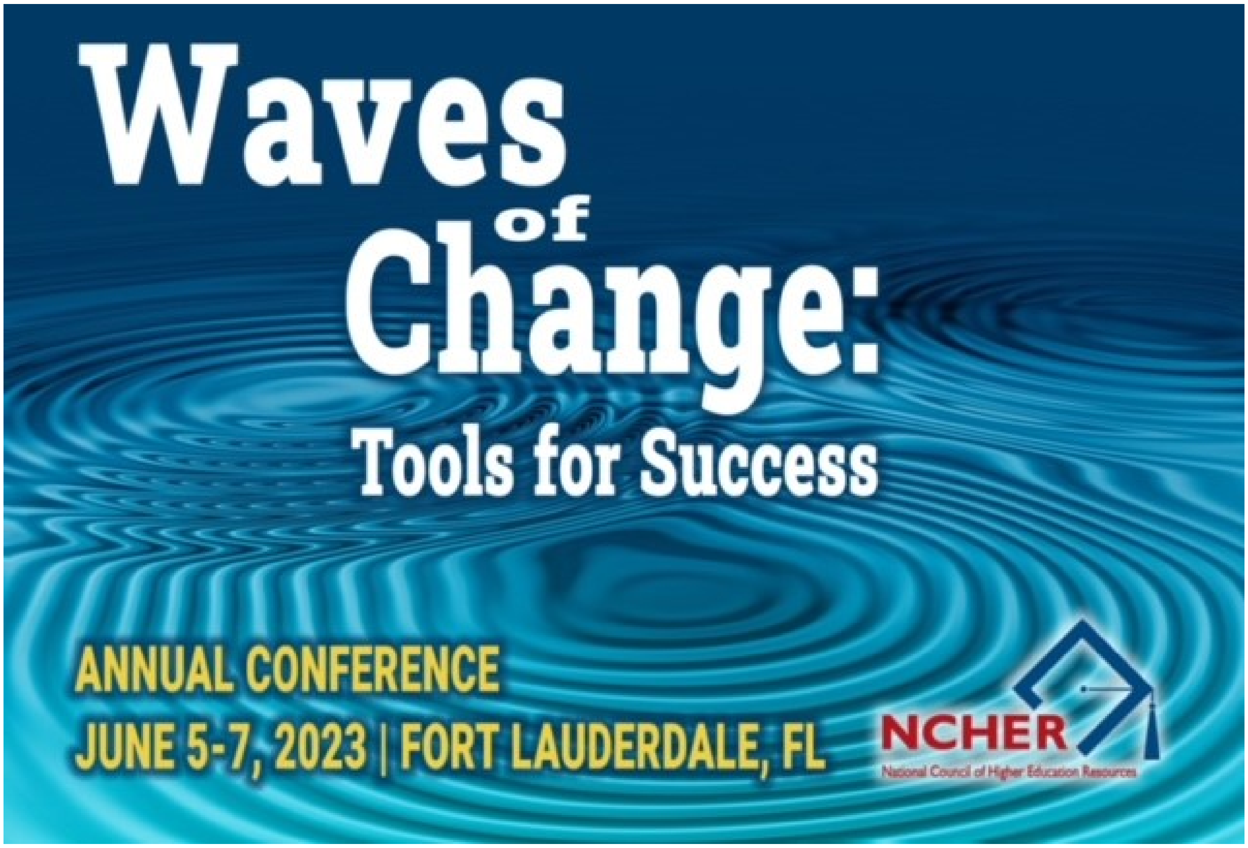

NCHER Annual Conference: Updated Program Agenda Released, Early Bird Deadline Extended Until Next Week!

NCHER will hold its Annual Conference on June 5-7, 2023 at the Hilton Fort Lauderdale, Florida. The conference, which is open and designed for everyone across the higher education finance industry, will provide attendees with ample opportunities to network, learn, and take information back home that they can use in their current jobs – from hearing about the current trends and hot topics to exploring new and potential business opportunities. The NCHER Program Committee and staff are putting the final touches on the program agenda that is packed with general and concurrent sessions as well as opportunities for small group discussions among industry experts. The current agenda includes:

- Keynote remarks from Dr. Nat Malkus, Deputy Director for Education Policy Studies at the American Enterprise Institute, who created AEI's Student Debt Forgiveness Tracker and has examined and written extensively about the U.S. Department of Education's new Income-Driven Repayment plan and its potential impact on college costs, the long-term effects of federal student loan forgiveness, and who is benefitting from the payment pause.

- A presentation from Karen McCarthy, Vice President of Public Policy and Federal Relations at the National Association of Student Financial Aid Administrators, who will discuss FAFSA [Free Application for Federal Student Aid] simplification and what NCHER members can expect to occur over the next few months as they prepare students and families for the release of the new FAFSA in December 2023.
- A federal outlook for 2023 from Alex Nock and Vic Klatt with the Penn Hill Group that will discuss recent and anticipated actions by Congress, the U.S. Department of Education, and the U.S. Supreme Court, including the future of the federal student loan forgiveness program, the restart of federal student loan payment and collections, the new Income-Driven Repayment Plan, and the budget and appropriations process.
- Important general sessions examining efforts to support an educated workforce with a focus on non-degree seeking programs such as certification courses, hot topics in compliance, the role and priorities of the Consumer Financial Protection Bureau, the borrower's perspective on return to repayment, and a federal regulatory update. It will also include an NCHER staple – our annual "Ask the Attorney's panel.
- Timely concurrent sessions examining current and emerging trends and practices in private education loans and recent developments impacting cybersecurity. It will also include small group break-out sessions centered on industry sectors so that attendees can talk about the most pressing issues of the day with their peers.

We urge all of the NCHER membership to register for the conference today and take advantage of the Early Bird registration rate, which expires on Tuesday. Also, be sure to make your hotel reservations online by calling (954) 414-2222. When calling the hotel, be sure to mention the NCHER 2023 Annual Conference in order to guarantee a room rate of $199 per room, per night.

We look forward to seeing you for some fun and sun in Ft Lauderdale!

House Education and the Workforce Committee Passes CRA Resolution to End Federal Student Loan Forgiveness Program, Payment Pause

Yesterday, the House Education and the Workforce Committee met in executive session and passed H.J. Res. 45, a resolution considered under the Congressional Review Act (CRA) to nullify the U.S. Department of Education's federal student loan forgiveness plan as well as the latest extension of the federal student loan payment, interest, and collections pause. The resolution passed the committee on a party-line vote of 24-18 and now heads to the full U.S. House of Representatives. The CRA is an oversight tool that Congress can use to overturn final rules put in place by federal agencies.

Following passage of House Joint Resolution 45, Committee Chairwoman Virginia Foxx (R-NC) said "the culture of this country has shifted from one in which individuals are responsible for paying for themselves to one in which the government plays nanny to each individual's needs. If blanket loan forgiveness is enacted, 87 percent of Americans with no college degree or who paid off their loans will foot the bill of others' tuition. America's student loan system is broken. Short-sighted bailouts like the ones President Biden and Democrats are proposing will leave us in a cycle of debt. Passing H.J. Res. 45 is the first step in restoring individual responsibility and solving the root challenges of the student loan system." But Committee Ranking Member Bobby Scott (D-VA) said that the resolution will deny relief for 43 million borrowers and create chaos by potentially forcing those borrowers to repay the last four months' worth of student loan payments. For further coverage, see this article from Roll Call.

Senate Appropriations Subcommittee Holds Hearing with Education Secretary Cardona, Commits Again to Starting Loan Repayment

Today, the Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a hearing titled, "A Review of the President's Fiscal Year 2024 Funding Request and Budget Justification for the Department of Education." The sole witness was Education Secretary Miguel Cardona.

During her opening statement, Subcommittee Chairwoman Tammy Baldwin (D-WI) said that the hearing was an important opportunity to learn about the federal government's investment in education, and commended the Biden Administration for increasing federal funding from preschool to postsecondary education. Chairwoman Baldwin said that the $226 million increase in funding for career and technical education will address the nation's education and workforce needs. At the same time, she criticized House Republicans for passing legislation to cut federal education funding, including Pell Grants.

In her opening statement, Subcommittee Ranking Member Shelly Moore Capito (R-WV) said that education is the key to success and the vital part of strengthening communities. She said that the budget is similar to last year and just simply recycles partisan proposals and includes unrealistic spending levels. She said that expensive new federal programs like free community colleges are ill-advised and unlikely to be considered by Congress. Ranking Member Capito said that she's extremely concerned about recent changes to the federal student loan program such as the federal student loan forgiveness program without legal basis. She raised concerns with the $620 million request for administrative expenses of Federal Student Aid (FSA) while the Biden Administration refuses to restart payments on federal student loans, and said that she has little confidence that the increase would be solely to support loan servicing or modernizing the federal financial aid system.

During his testimony, Secretary Cardona said that postsecondary education continues to play a vital role in supporting economic success for our students and for the United States as a whole. But he said that college affordability remains a significant barrier for many families and it puts the dream of a college degree out of reach for far too many students. To expand equitable and affordable access to an education beyond high school, Secretary Cardona said that the budget proposes to increase the maximum Pell Grant by $820 to $8,215 for the 2024-2025 award year, through a combination of discretionary and mandatory funding, and is one piece of the comprehensive proposal to double the maximum Pell Grant by 2029. He said that the budget request expands free community college across the nation through a new federal-state partnership that will ensure eligible first-time students and workers wanting to reskill can enroll in a community college to earn a degree or credential for free. The Secretary said that the request includes increases for Federal TRIO programs and GEAR UP to expand services that promote access and completion in postsecondary education for underserved individuals. Finally, he said the Department is requesting $2.65 billion to administer federal student aid programs to support students and student loan borrowers as they navigate the financial aid application and student loan repayment processes. The increase will allow FSA to continue to operate the student aid programs, protect against cybersecurity breaches to ensure protection of borrowers' personal information, implement critical improvements to student loan servicing, continue to modernize its digital infrastructure, and ensure successful administration of the financial aid programs through a simplified application process for students and borrowers.

During the question-and-answer portion of the hearing, Chairwoman Baldwin asked Secretary Cardona to talk about the education programs that would be cut under the

House Republican plan. She also asked the Secretary to talk about the importance of the career-connected high school program included in the proposed budget. Ranking Member Capito asked Secretary Cardona if the Department was going to move borrowers back to repayment. The Secretary said that the Department is committed to resuming repayment following the decision by the U.S. Supreme Court on the federal student loan forgiveness program and would begin the process no later than June 30th. Ranking Member Capito asked Secretary Cardona for reassurances that the Department will use the increase in administrative funds for loan servicing and other core operations. The Secretary said that FSA will be focused on fixing a "broken system" and that the funds are not used to forgive federal student loans but to streamline the FAFSA [Free Application for Federal Student Aid.

For further information, including an archived webcast, visit the committee website.

White House, Congressional Leaders Continue to Negotiate on Framework to Raise the Debt Ceiling and Cut Spending

On Monday, President Joe Biden met with House Speaker Kevin McCarthy (R-CA), House Minority Leader Hakeem Jeffries (D-NY), Senate Majority Leader Chuck Schumer (D-NY), and Senate Minority Leader Mitch McConnell (R-KY) to discuss passing legislation to raise the nation's debt limit. The U.S. Department of Treasury has said that the United States will hit the ceiling sometime in early June, meaning that the White House and Congressional leaders have roughly about three to four weeks to reach a comprehensive agreement and pass legislation through both chambers. In the most recent meeting, the President told Congressional leaders that he is willing to have a separate discussion about the federal budget and spending priorities, but said the threat of default must be removed from the table. After leaving the meeting, Speaker McCarthy told reporters that he "didn't see any new movement." House and Senate Democrats have insisted that Congress pass a debt ceiling hike without any additional conditions, but Republicans have insisted that any increase be paired with spending cuts. Following the White House meeting, Congressional staff have been meeting to discuss possible ways to address the debt limit issue such as imposing caps on discretionary spending as part of a deal. While the White House and Congressional leaders were supposed to continue the discussion tomorrow, that meeting has been postponed until next week.For further coverage, see this article from The Hill.

Department of Education Releases New Guidance on Spousal Joint Consolidation Loan Separations

Last Friday, the U.S. Department of Education's Office of Federal Student Aid (FSA) released new guidance on how it plans to implement the separation process for joint consolidation loans authorized under the Joint Consolidation Loan Separation Act of 2021. Under the new guidance, borrowers will be able to apply for loan separation either through a joint or separate application. If using a separate application, only one borrower needs to apply if the applicant has been a victim of domestic violence, economic abuse, or if it is in the best fiscal interest of the federal government to permit separate applications. Borrowers with Direct Joint Consolidation Loans will receive the one-time Income-Driven Repayment plan account adjustment, and Federal Family Education Loan Program Joint Consolidation Loan borrowers who separate their loans will also benefit from the account adjustment even after FSA implements the one-time account adjustment policy in 2024. FSA said that it is still developing the process for loan separation and, at the earliest, it will be implemented in late 2024.

AEI Releases Report on Conservative Solution for the Student Loan Crisis

Earlier this week, the American Enterprise Institute released a report entitled, "A Conservative Solution for the Student Loan Crisis: Nudging Students Toward Practical Degrees." The report argues that federal student loan forgiveness is backward-looking and that the problem of student loan debt will not be solved unless colleges and universities begin to focus on students' return on investment for various degrees. The report states that loan forgiveness will do little to prevent another generation from taking on similar unsustainable debt loads and will actually provide a further subsidy for colleges to raise their prices. The report recommends that a better approach would be a system of informed consent, in which institutions of higher education would be required to provide students with information about loan payff amounts, job prospects, and likely starting salaries for the fields they are considering.

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:

- StudentAid.gov Enhancements and Modifications Starting April 2023 | Knowledge Center
- (OPE-23-01) Using Federal Work-Study to Increase Youth Tutoring, Mentoring, and Other Student Support Roles
- Comment Request: Student Assistance General Provisions-Satisfactory Academic Progress Policy

General News

Inside Higher Ed reports that experts and advocates worry that the U.S. Department of Education lacks adequate funds and will not be able to prevent high rates of default and delinquency when the federal student loan payment pause ends in August.

The Common App released new data revealing new insights on transfer applications.

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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