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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 Webinar on the Department of Education's New SAVE (Income-Driven Repayment) Plan, Register Today!

On Monday, July 17th at 2:00 pm ET, NCHER will hold a webinar to discuss the U.S. Department of Education's final rule implementing the new Income-Driven Repayment (IDR) Plan for Direct Loan borrowers that was published in the Federal Register on July 10, 2023. The new plan, dubbed the "Saving on a Valuable Education (SAVE) plan," would replace the current Revised Pay-As-You-Earn (REPAYE) plan and borrowers who are currently in REPAYE will automatically be enrolled in SAVE. The plan would increase income protection (whereby a borrower whose income falls under a certain percentage of the federal poverty line would have a zero dollar payment) from 150 percent to 225 percent; halt interest capitalization so loan balances would not grow due to unpaid interest; reduce monthly payments on undergraduate loans to five percent of income that is not protected (i.e., that is above the 225 percent federal poverty line); and provides loan forgiveness to borrowers with original principal balances of \$12,000 or less after 120 payments. The final rule would automatically enroll those borrowers who go 75 days without making a payment into SAVE if they have previously provided approval for disclosure of their tax information to the Department.

During the webinar, industry experts will review the details of the final rule on SAVE, compare its provisions with other IDR plans, and discuss the impact that the plan is expected to have on borrowers and the loan industry. A question-and-answer session will follow the discussion. Members can register for the webinar on the [NCHER website](#).

Department of Education Publishes Final Income Driven Repayment Rule in Federal Register

This morning, the U.S. Department of Education officially published the [final regulations](#) creating a new income-driven repayment plan in the Federal Register. The notice says that the regulations will "create a stronger safety net for federal student loan borrowers, helping more borrowers avert delinquency and default and the significant negative consequences associated with those events." The final regulations, which would rewrite the current Revised Pay-As-You-Earn (REPAYE) Repayment Plan as the Saving on a Valuable Education (SAVE) Repayment Plan, includes the following provisions:

- Align the definition of "family size" in the Federal Family Education Loan Program with the definition of "family size" in the Federal Direct Loan Program.

- Increase the amount of income exempted from the calculation of the borrower's payment amount from 150 percent of the federal poverty guideline or level (FPL) to 225 percent of FPL for borrowers on the REPAYE/SAVE plan. This means anyone with income below 225 percent of FPL would have a zero dollar payment under REPAYE/SAVE.
- Lower the share of discretionary income used to calculate the borrower's monthly payment for outstanding loans under REPAYE/SAVE to 5 percent of discretionary income for loans for the borrower's undergraduate study and 10 percent of discretionary income for other outstanding loans; and an amount between 5 and 10 percent of discretionary income based upon the weighted average of the original principal balances for those with outstanding loans in both categories.
- Provide a shorter maximum repayment period for borrowers with low original loan principal balances (i.e., 10 years for balances of \$12,000 and lower).
- Provide that a borrower will not be charged any remaining accrued interest each month after the borrower's payment is applied under the REPAYE/SAVE plan.
- Credit certain periods of deferment or forbearance toward time needed to receive loan forgiveness.
- Permit borrowers to receive credit toward forgiveness for payments made prior to consolidating their loans.
- Prohibit or restrict new enrollment in certain existing Income Driven Repayment plans starting on July 1, 2024, to the extent that the law allows.

For additional coverage, see these articles from [CNBC](#) and [Yahoo Finance](#).

U.S. House Set to Consider National Defense Authorization Act, Includes New Deferment for Dislocated Military Spouses

This week, the U.S. House of Representatives is slated to consider [H.R. 2670, the National Defense Authorization Act](#), which provides funding for the nation's defense programs. The current version of the bill reported from the House Armed Services Committee would amend the Higher Education Act to provide a new student loan deferment for dislocated military spouses who have Federal Direct Stafford Loans or Federal Direct Consolidation Loans. The deferment would be for an aggregate period of 180 days. The language has been a long-time priority for Rep. Elise Stefanik (R-NY) who serves as House

Republican Secretary, and is expected to remain in the package.

In preparation for floor consideration, House Republicans and Democrats have submitted more than 1,500 amendments to the legislation to the House Rules Committee, which will meet tomorrow to determine which ones to make in order. At press time, the following amendments were submitted that may be of interest to the NCHER membership:

- Rep. Madeleine Dean (D-PA) submitted an [amendment](#) that would require private student lenders to discharge the loan balance for both the borrower and the co-signer if the borrower becomes totally and permanently disabled. Rep. Dean has offered the amendment in the past, which has been stripped from the final version.
- Rep. Brian Fitzpatrick (R-PA) submitted an [amendment](#) that would incentivize a minimum service requirement by stipulating that, for at least five years of service in the armed forces, an enlisted individual would have their first \$100,000 of income tax-free and have \$100,000 of federal student loan debt forgiven.

FSA Adds Private Education Loans Form and Topics Page

Last week, the U.S. Department of Education's Office of Federal Student Aid (FSA) issued an Electronic Announcement creating a new webpage on [Private Education Loans Information](#) in order to assist institutions in fulfilling their preferred lender list obligations. The webpage will serve as a central hub for regulations, guidance, and other pertinent details regarding private education loans. At present, FSA's website includes an up-to-date self-certification form for applicants seeking private education loans, as well as the Department's latest guidance on income-share agreements. As new information becomes available, the page will be updated to provide users with the most current information.

Federal Reserve Releases Consumer Credit Report for May

Today, the Federal Reserve released its [Consumer Credit - G.19 Report](#), which shows that consumer credit increased at a seasonally adjusted annual rate of 1.8 percent in May 2023. Revolving credit (mostly credit card debt) increased at an annual rate of 8.2 percent, while nonrevolving credit (mostly auto loans and student loans) increased at an annual rate of 0.4 percent. Total outstanding consumer credit stood at \$4.865 trillion at the end of May, up \$7.3 billion from April.

House Education and the Workforce Committee Chairwoman Foxx Writes Op-Ed: The Dangers of the College Degree-for-All Mentality

On Friday, House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) wrote an [op-ed for the National Review](#) saying that, “college degree-for-all is a myth, and a harmful one at that.” In the op-ed, Chairwoman Foxx said that employers should play a more substantial role in collaborating with postsecondary education institutions to design programs that align with industry needs, a topic of a recent committee hearing. “College degree-for-all flips the ‘good’ of education on its head,” she said. “When we insist that every American go to college, the promise becomes a box to check, not a formative experience for citizens of a republic. When college itself becomes the barometer for success — not actual success — the inherent value of postsecondary education is lost in an over-credentialization craze, and the college mission is subverted. As Americans realize there is no one way to earn an education, we begin to see college not as an end, but as a means to a higher end. This is a key part in revitalizing American education.”

U.S. Department of Education News

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

General News

[The Hill](#) reports that the U.S. Department of Education’s effort to provide a 12-month on-ramp for return to repayment could be a “real danger” to borrowers who will rack up interest and give them a steeper hill to climb when they actually begin repaying back their student loans.

[The New York Times](#) examines how the Biden Administration plans to cancel federal student loan debt in light of the recent decision by the U.S. Supreme Court striking down his loan forgiveness plan.

[CNBC](#) reports on how borrowers may be able to pay back their federal student loans while investing in a 401(k) at once.

[Yahoo News](#) reports on how the U.S. Supreme Court's decision overturning affirmative action plans could affect minority scholarships.

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