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Biden Administration Tells Appeals Court Biden v. Nebraska Has No Legal Bearing on Sweet v. Cardona

On Wednesday, the U.S. Department of Justice (DOJ) [filed a brief](#) with the U.S. Court of Appeals for the Ninth Circuit where it said that the U.S. Supreme Court's ruling in Biden v. Nebraska, which struck down the federal student loan forgiveness does not have any bearing on the legality of the class-action settlement to resolve hundreds of thousands of borrower defense to repayment claims under Sweet v. Cardona. In February 2023, a federal judge approved the settlement that will result in \$6 billion in debt relief for nearly 300,000 student loan borrowers who argued they have been defrauded by one of about 150 mostly for-profit colleges and brought a lawsuit challenging the U.S. Department of

Education's untimely approval of their claims. A trio of colleges — Everglades College Inc., Lincoln Educational Services Corporation and American National University — is appealing the February decision arguing that the settlement granting forgiveness to their former students unfairly maligns them. The colleges filed an emergency bid to put the settlement on hold but were turned away by the U.S. Supreme Court in April. In the recent brief, DOJ and attorneys for the class of student loan borrowers defended the settlement and rejected arguments from the colleges that it was illegal. They also challenged the argument by the colleges that the Supreme Court's ruling against federal student loan forgiveness was a reason why the 9th Circuit should also block the borrower defense lawsuit. DOJ wrote that the Supreme Court's ruling in *Biden v. Nebraska*, "did not consider the agency's authority to compromise and release claims under the Higher Education Act." The Supreme Court's ruling only addressed the HEROES Act and not "the distinct and differently worded authority at issue here," the Biden Administration added. In July, the Department of Education issued a swath of approvals and requests for more information from borrowers whose applications have been pending since 2015, 2016 or 2017. The agency had faced a deadline of July 28 to resolve those claims or the borrowers would be entitled to full loan forgiveness under the settlement.

White House Releases Mid-Year Revision to President's Budget Request, Reduces Federal Deficit Forecast Because of Supreme Court Ruling on Loan Forgiveness

Last Friday, the White House Office of Management and Budget (OMB) released its [mid-year revision to the President's budget request for Fiscal Year 2024](#), which lowered the forecast for the federal budget deficit. In the mid-year revision, the White House said that it expected the federal budget deficit to be \$1.543 trillion as opposed to \$1.569 trillion, in part due to reduced spending on federal student loans in the wake of the U.S. Supreme Court's decision striking down the loan forgiveness program. OMB said that the Supreme Court's decision would reduce federal spending by \$259 billion this year, though the reduced spending was offset by the increased costs associated with the new Income-Driven Repayment (IDR) Plan that went into effect on August 1st.

Last year, the U.S. Department of Education estimated that its federal student loan forgiveness plan would cost \$379 billion over the lifetime of the program, which were recorded in Fiscal Year 2022. Earlier this year, the Department estimated that the new IDR plan would cost a total of \$156 billion, comprised of a \$71 billion increase in the cost of existing loans that opt into the new program and an \$85 billion increase to the costs of

loans that are made over the next decade. But those estimates had assumed that the federal student loan forgiveness plan would take effect. The Biden Administration has not released updated estimates that incorporate the impact of the Supreme Court decision.

Department of Education Announces New Chief of Staff

Earlier this week, the U.S. Department of Education [announced](#) that Lexi Barret will serve as the new Chief of Staff for Secretary of Education Miguel Cardona. Ms. Barrett joined the Biden Administration in October 2021 as a senior advisor in the Office of the Secretary. During her tenure with the administration, Barrett served on a detail as a senior advisor of education with the Office of the First Lady and on the Biden-Harris Transition Team as navigator to Secretary-Designate Cardona during his confirmation process. Prior to joining the administration, Barrett was most recently an associate vice president at Jobs for the Future (JFF). “I am thrilled to have Lexi Barrett, a trusted advisor who already commands tremendous respect throughout the U.S. Department of Education, step into this new role as chief of staff,” Secretary Cardona said in a statement. “Lexi comes from a family of educators and has channeled that passion for educational opportunity into a career dedicated to ensuring our federal policies lead to tangible progress for our nation’s students.”

Alternative Reference Rates Committee Releases Readout of Recent Meeting, Members Note Smooth and Uneventful LIBOR Transition

On Monday, the Alternative Reference Rates Committee (ARRC) released the [readout](#) from its recent meeting held on July 31, 2023. The full agenda for the meeting can be found [here](#) and full minutes for this meeting will be [posted here](#) in the coming weeks. According to the readout, committee members discussed the passage of the June 30, 2023 LIBOR [London Interbank Offered Rate] transition milestone and characterized the passage as smooth and uneventful. The Loan Syndications and Trading Association (LSTA) noted the significant uptick in loan fallback amendments (i.e. change in reference rates occurring via fallback) in June, though implementation of fallbacks and replacements under the LIBOR Act also occurred without issue. Members indicated, that aside from a few transaction-specific inquiries, there were no broader concerns. Additionally, the Operations/Infrastructure Working Group provided an update on usage of the DTCC LIBOR Replacement Index Communication Tool aimed at facilitating effective and efficient communication of rate changes in LIBOR contracts. The committee members

ended the meeting by noting that they aim to wind down their work, but its best practice recommendations will remain in place to help support a robust reference rate environment going forward and promote financial stability.

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:

- [\(ANN-23-02\) Live Internet Webinars – Wednesday Webinar Series, Fall 2023](#)
- [\(GENERAL-23-61\) Unplanned Access Issue Affecting FSA Partner Connect Users on Aug. 1, 2023 \(Updated Aug. 2, 2023 at 11 AM ET\)](#)

Member News



College Foundation, Inc. Announces Search for Vice-President, Financial Services and Vice-President, Loans and Financial Aid

College Foundation, Inc. is searching for a Vice-President, Financial Services to oversee the operations of Financial Services, Office Services, and Facilities. The VP is responsible for building and refining operations structure, processes and policies for each service area, developing and preparing analyses of financial data for the programs administered by the Foundation and operations as needed for both internal and external reporting, overseeing, in collaboration with an investment advisor and the President, the investment of funds in accordance with the Foundation's Investment Policy, examining financial records and operations to ensure compliance with federal and state statute and regulations as well as requirements set forth in various contracts and agreements, appraising the soundness and suitability of the Foundation's accounting and financial controls, ensuring accounting activities comply with Generally

monitoring the annual budget throughout the year. This is a hybrid position with a minimum of 2 days onsite weekly. Minimum BS/BA degree with at least 5 years of experience in accounting or finance and an active CPA license; minimum of 3 years of management experience. Respond with a resume to human.resources@cfi.org.

College Foundation, Inc. is also searching for a Vice-President, Loans and Financial Aid to oversee the operations of Loan Services, Grant and Scholarship Programs, Residency Determination Service (RDS), and the CFNC/K12/RDS Call Centers. The VP is responsible for oversight of reporting and monitoring of performance metrics of each service area, building and refining operational structure, processes, and policies for each service area, overseeing the development and implementation of the marketing strategies for the NC Assist Loan Program, identifying ways to leverage operational strengths to take advantage of new education loan origination and servicing opportunities, working with the Marketing Manager to create an annual recommendation for the NC Assist marketing and media budget and monitoring the budget to ensure maximum results given available resources, participating in senior-level managerial activities and strategic planning for the Foundation, and representing the Foundation at meetings related to the Loan, Grant and Scholarship Programs, RDS, and

Accepted Accounting Principles (GAAP), preparing annual filings, including various Forms 990 and 5500, assisting internal and external auditors/reviewers or consultants, coordinating and managing the annual budget process, and

CFNC/K12/RDS Call Centers. This is a hybrid position with a minimum of 2 days onsite weekly. Minimum BS/BA degree with at least 10 years of experience in program operations, loan origination and servicing, call center operations, and/or grant, scholarship or residency program administration and 5 years of management experience. Respond with a resume to human.resources@cfi.org.

General News

[Higher Ed Dive](#) highlights a recent report from IBM that found data breaches cost higher education and training organizations \$3.7 million on average in 2023.

[Business Insider](#) reports that Florida Gov. Ron DeSantis recently said that he has 'sympathy' for some student loan borrowers and wants to make it easier for them to get rid of their debt in bankruptcy.

[Forbes](#) reports on the new federal regulations released by the U.S. Department of Education that went into effect last month to make it easier to apply for Total and Permanent Disability, apply for automatic discharge for some Social Security disability benefit recipients, and expand the Public Service Loan Forgiveness program.

[The Hechinger Report](#) writes that new federal data documents the rise of tuition discounts and reveals surprising patterns in who gets merit and need-based aid from colleges and universities.

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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