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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](#).

Department of Education Holds First Day of Negotiated Rulemaking Session on Federal Student Loan Forgiveness

Today, the U.S. Department of Education held the first of a two day meeting of its Student Loan Relief Committee, which has been tasked with revising federal regulations to provide loan forgiveness under the Higher Education Act. This morning, the committee heard from Under Secretary of Education James Kvaal who opened the session by stating that the Biden Administration wants to focus on systemic federal student loan issues that weigh down individual borrowers and the economy. He said that the Department wants to invoke its authority under the Higher Education Act to waive federal student debt in a “fair and lawful manner,” and that the administration is “interested in identifying borrowers experiencing other forms of hardship that are not addressed by existing repayment or forgiveness options.” Under Secretary Kvaal said that the Department would negotiate in good faith and carefully consider the proposals from committee members, but he also tried to set expectations about how quickly the Department would respond or provide data. “These are complex issues,” he said. “When questions like operational feasibility or legal authority arise, we may not be able to answer them in real time.” Following Under Secretary Kvaal’s comments, the committee adopted protocols for its work and added representatives for two new categories of negotiators. The committee agreed to add representatives for consumer advocates and borrowers with disabilities, but disagreed on adding representatives for middle-income borrowers. This afternoon, the committee began to review the [issue paper](#) laying out the Department’s initial set of policy considerations and five questions about distinct categories of affected borrowers: borrowers whose balances are greater than what they originally borrowed, whose loans first entered repayment decades ago, who attended programs that did not provide sufficient financial value, who are eligible for relief under programs like income-driven repayment but have not applied, and who have experienced financial hardship and need support, but for whom the current student loan system does not adequately address. During the discussion, Department representatives reminded the committee members that the negotiated rulemaking proceeding was not about broad-based reform. They said that the Department was considering revisions to the compromise authority in federal regulations and adding language on the circumstances under which the agency may waive all or part of federal student loan debt. The Department also reminded negotiators that it would not address changes to the Public Service Loan Forgiveness Program or Income-Driven Repayment during this session as the focus was ‘narrow in scope’ as laid out in the notice published in the Federal Register and the issue paper.

For additional coverage, see this article from [AP News](#)

House Republicans Hold Candidate Forum for Speaker, Outcome Still Undecided

This evening, House Republicans are slated to hold a forum where candidates for Speaker will discuss their qualifications and priorities as the party hopes to hold a secret-ballot vote on the race tomorrow morning. At this point, neither House Majority Leader Steve Scalise (R-LA) nor House Judiciary Committee Chairman Jim Jordan (R-OH), the two declared candidates, have the necessary votes needed to claim the speakership on the floor. Before the final vote, House Republicans are expected to hotly debate two proposed internal rules changes that brought down the speakership of Rep. Kevin McCarthy (R-CA). First, Republicans are discussing whether to make the threshold of internal support needed for a particular candidate to receive the conference nomination equal to the number of votes necessary to be elected Speaker on the House floor. This rule change would prevent the need to hold a second and subsequent ballots for speaker, which took place in January. Second, Republicans are discussing whether to change the process that allows a single Republican or Democrat (as opposed to a majority of a conference or caucus) to bring a motion to vacate the Speaker's Chair. If House Republicans select a nominee, it is likely that a floor vote would take place later in the week.

For further coverage, see these articles from [Politico](#) and [The Hill](#).

CBO Releases Monthly Budget Review For September, Discusses Impact of Federal Student Loan Forgiveness Program on Deficits for 2022 and 2023

Today, the Congressional Budget Office (CBO) released its [Monthly Budget Review - September 2023](#), which found that the federal budget deficit was \$1.7 trillion in Fiscal Year (FY) 2023, \$300 billion more than the shortfall recorded during FY 2022. According to the report, federal revenues fell by an estimated \$455 billion (or 9 percent) as a result in lower-than-expected income taxes, while federal outlays declined by an estimated \$141 billion (or 2 percent). The report specifically noted that the U.S. Department of Education's plan to enact a new federal student loan forgiveness program resulted in offsetting changes to the deficit in 2022 and 2023. In September 2022, in keeping with the budgetary procedures used for federal credit programs, the Department recorded

outlays of \$379 billion to reflect its estimate of the long-term costs of debt cancellation, which increased the deficit in FY 2022. Because of a June 2023 decision by the U.S. Supreme Court, however, the forgiveness plan was never implemented. As a result, in August 2023, the Department recorded a \$333 billion reduction in outlays for the federal student loan program, thereby reducing the FY 2023 deficit. The outlay savings recorded in August 2023 were smaller than the costs recorded in September 2022 primarily because of the new income-driven repayment (IDR) plan that was finalized in June 2023.

CBO estimates that, if the actions concerning the Department's plan for federal student loan forgiveness were excluded from both years, the deficit for FY 2022 would have been smaller (\$900 billion) and the deficit for FY 2023 would have been larger (\$2.0 trillion). Thus, without the effects of debt cancellation, the deficit would have grown by nearly \$1.1 trillion from 2022 to 2023. That increase results from a combination of lower revenues and higher outlays, mostly for major mandatory programs and for payments of interest on the debt.

House Education and the Workforce Committee Chair Foxx Sends Letter to Department of Education on Student Loan Scams

This morning, House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) sent a [letter](#) to Secretary of Education Miguel Cardona urging the U.S. Department of Education to make sure borrowers do not get taken advantage of as repayment of federal student loans begins. In the letter, Chairwoman Foxx argued that the federal student loan system is complicated for families to navigate, which could make them vulnerable to companies running scams. The companies have been known to be aggressive, Chairwoman Foxx said, and use tactics to pressure borrowers into schemes. "You and I agree that these companies must be stopped, and I appreciated your willingness to speak with me a few weeks ago about this," the letter stated. She asked Secretary Cardona to outline what actions the Department has taken since January 20, 2021 to protect against third-party debt relief scams, and what enforcement actions it has taken so far. A Department spokesperson told Politico that it had received the letter. "As the student loan payment pause has ended, we know that scammers may try to defraud and cheat hardworking families," the spokesperson said. "The Secretary appreciates the Chairwoman's attention to this important, bipartisan issue. The Biden-Harris Administration continues to take aggressive action every day to protect borrowers, ensure the integrity of the federal student aid programs and safeguard

taxpayer dollars.”

Federal Trade Commission Bans Two Third-Party Debt Relief Companies

Last week, the Federal Trade Commission (FTC) [announced](#) it permanently banned two groups of third-party debt relief companies from the industry and ordered them to surrender their assets as part of a settlement. The defendants, SL Finance LLC and BCO Consulting Services Inc., posed as affiliates of the U.S. Department of Education, charged illegal fees, and deceived students with false promises of loan forgiveness and repayment programs that did not exist. Their actions resulted in the loss of millions of dollars for students. Under the order, the defendants are banned from any debt relief activities, making false claims about financial products or services, and using false statements to collect financial information. Monetary judgments were suspended due to the defendants' inability to pay.

U.S. Department of Education News

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

The following announcement was posted to Federal Student Aid's Knowledge Center:

- [\(CB-23-18\) Perkins Loan Program – Federal Perkins Loan Revolving Fund Distribution of Assets Timeline for 2023–24 and Reimbursement for Perkins Loan Service Cancellations](#)

General News

[Bloomberg](#) profiles Secretary of Education Miguel Cardona and argues that, “Biden's education chief might have the toughest job in the Administration,” because of culture wars and federal student loan issues.

[American Banker](#) reports that the Consumer Financial Protection Bureau plans to increase the number of full-time employees in its enforcement division by 50 percent and hire additional staff in its legal, operations and research, monitoring, and regulations divisions.

New York Gov. Kathy Hochel [announced](#) that high school seniors in the state can apply to any State University of New York (SUNY) and City University of New York (CUNY) locations, as well as over 40 private colleges and universities, without paying application fees during the month of October.

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