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NCHER

DAILY BRIEFING

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NCHER Annual Conference: Register Today; Updated Program Agenda is Available; Take Advantage of the Unlimited Registration Option!

The NCHER Annual Conference, which will be provided to members and non-members in a virtual format, will take place on June 7-9, 2021! This important conference is less than three weeks away and will consist of relevant and timely sessions on issues of interest to the membership with a focus on the current political and policy environment. The conference will include:

- Sessions covering federal developments impacting the higher education finance industry and an update on the prospects of federal student loan forgiveness.
- A review of current and emerging trends in private education loans and federal student loan financing, including a discussion of LIBOR transition activities.

- A discussion on the higher education priorities of the Biden Administration and the role and priorities of the Consumer Financial Protection Bureau in higher education finance.
- Sessions that will review state student loan servicing licensing laws and highlight research-driven data to improve student lending.

Similar to our previous in-person meetings, NCHER hopes that the program agenda will provide all of the information that you will need to do your job effectively - whether you are a Chief Executive Officer or in Program Operations and whether you are in the federal legacy program or hoping to be a new federal student loan subcontractor, third-party servicer, or private education loan provider. As this year's program is tailor-made to provide real-time updates, it will be a 'can't-miss' event for all NCHER members. The registration fee for members to participate in all eight sessions is just $500 per individual, $1,000 for two registrants, and $1,500 for three or more – an unlimited number of – registrants.

So register today for the NCHER Annual Conference!

White House Says President's Budget Request Pushed to May 28

The White House Office of Management and Budget announced that the President's full budget request will be released on May 28, a day later than previously planned. The budget request for Fiscal Year 2022 is expected to include increased spending for discretionary domestic programs, including those at the U.S. Department of Education, outlined last month in the "skinny" top-line budget, as well as additional detail on requests for mandatory spending, a tax overhaul, infrastructure investment, and job creation. For more coverage, see this article from *US News and World Report*.

FSA Announcement Confirms Direct Loan Interest Rates Beginning July 1, 2021

The U.S. Department of Education's Office of Federal Student Aid announced the official interest rates for new Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans. As previously reported, federal student loan interest rates will rise on July 1, 2021 based on the auction of the 10-year Treasury note held on May 12, 2021. The official rates are as follows:

- Subsidized and Unsubsidized Stafford Loans to undergraduates: 3.73 percent.
- Unsubsidized Stafford Loans to graduate/professional students: 5.28 percent.
- PLUS Loans to parents and graduate/professional students: 6.28 percent.

The announcement also says that, "In response to the COVID-19 emergency relief period, the interest rate on all Direct Loans has been temporarily set at 0 percent until at least September 30, 2021. Once the COVID-19 emergency relief period ends, the rates as described in this announcement will be in effect for loans first disbursed on or after July 1, 2021."

FTC Announces More than $147,000 in Refunds to People Affected by Student Loan Debt Relief Companies

The Federal Trade Commission (FTC) announced that it is sending more than $147,000 in full refunds to individuals who lost money to three student loan debt relief companies. According to an FTC complaint filed in 2019, Impetus Enterprise Inc., Fig Tree & Co. LLC, and Capital Sun Investments falsely promised to reduce or eliminate borrowers' student loan debt and asked them to pay illegal upfront fees. These companies also did business as Aiding Student Relief, Aidnest, and Studora, among others. The FTC is sending victims an average of $607 each.

Federal Court Judge Rules that Former Secretary DeVos Must Testify in Loan Forgiveness Case

Yesterday, U.S. District Court for the Northern District of California Judge William Alsup issued a decision rejecting the joint effort by former Education Secretary Betsy DeVos and the Biden Administration to prevent her from having to testify in a class-action suit involving the processing of borrower defense to repayment claims. In his decision, Judge Alsup stated that Secretary DeVos must testify as to her handling of the claims, ruling that "exceptional circumstances" justify the rare deposition of a former Cabinet secretary. During her time in office, the U.S. Department of Education stopped issuing final decisions on borrower claims for at least 18 months and dismissed a large number of claims with little explanation provided to the borrowers. The Trump Administration claimed it needed this time to figure out its policy and issue reasoned decisions on borrowers' claims. The freeze in the program happened as Secretary DeVos was taking a series of policy steps designed to reduce the amount of debt relief that defrauded borrowers could receive under the program.

Previously, Judge Alsup ruled that there was a "strong showing" that the Trump administration was not entirely truthful about its actual reason for effectively stopping the program and sending rejections to borrowers. In his decision yesterday, the judge said that those questions about the credibility of the previous administration's explanations and "sparse" documentation of its decision-making were among the "extraordinary circumstances" that warranted Secretary DeVos' testimony. For more coverage, see this article from *Politico*.

House Financial Services Committee Announces Subcommittee Vice Chairs for 117th Congress

House Financial Services Committee Chairwoman Maxine Waters (D-CA) announced the Subcommittee Vice Chairs for the 117th Congress, which include the following:

- Rep. Sean Casten (D-IL): Vice Chair for the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets.
- Rep. Ayanna Pressley (D-MA): Vice Chair for the Subcommittee on Consumer Protection and Financial Institutions.
- Rep. Cindy Axne (D-IA): Vice Chair for the Subcommittee on Housing, Community Development, and Insurance.
- Rep. Josh Gottheimer (D-NJ): Vice Chair for the Subcommittee on National Security, International Development, and Monetary Policy.
- Rep. Nikema Williams (D-GA): Vice Chair for the Subcommittee on Oversight and Investigations.
- Rep. Sylvia Garcia (D-TX): Vice Chair for the Subcommittee on Diversity and Inclusion.

"I am excited to announce the Committee's Subcommittee Vice Chairs for the 117th Congress," Chairwoman Waters said in a press release. "Financial Services Committee Democrats are a diverse, talented, knowledgeable and effective group of leaders, and I am very pleased that we will have an outstanding group of Subcommittee Vice Chairs this Congress."

SHEEO Report Concludes State Funding Closely Linked to Student Success

The State Higher Education Executive Officers Association (SHEEO) recently released a report that concluded state funding to both institutions of higher education and student financial aid has clear and direct impacts on student enrollment patterns, retention and completion rates, and post-college success. Key findings on the impact of state appropriations include the following:

- State appropriations directly impact the total revenue available for education at public institutions. In response to state funding cuts, doctoral institutions raise alternative revenue sources like tuition, while other four-year and two-year institutions are more likely to respond by cutting expenditures on instruction, academic support, and student services.
- Student enrollment is negatively impacted by cuts in state appropriations, as in-state undergraduate enrollment declines, and students move from the public to the for-profit sector.
- A decrease in state funding leads to declining graduation rates at four-year colleges. Fewer degrees and certificates are awarded at all undergraduate levels due to declining enrollment and graduation rates. Consequently, there are measurable decreases in statewide bachelor's degree attainment.

The report also found that measurable benefits of financial aid include the following:

- Student enrollment patterns shift as low-income students become increasingly able to afford more expensive institutions. Students also become less likely to leave the state for college.
- Students receiving aid are more likely to persist and graduate from their institutions and are more likely to graduate on time. These effects are particularly impactful for low-income students.
- Well-marketed financial aid programs with built-in student support services have the biggest positive impact.

SHEEO Senior Vice President David Tandberg, coauthor of the report, stated, "For the first time in one place, we present concrete evidence that state funding for institutions is a crucial investment that is absolutely necessary for improving student outcomes. If states continue deprioritizing institutional funding, we will see measurable negative impacts on student enrollment, student completions, and graduation rates. At the same time, we present continued evidence that student financial aid can influence where students enroll and help them graduate on time. Overall, we found that public investment matters for students."

Federal Reserve Releases Minutes Showing Continued Agreement on Maintaining an Accommodative Monetary Policy

Yesterday, the Federal Reserve released the minutes of its Federal Open Market Committee (FOMC) meeting held on April 27-28, 2021. At that meeting, the FOMC agreed to maintain the federal funds rate in a target range of 0 to ¼ percent and to increase holdings of Treasury securities by $80 billion per month and of agency mortgage-backed securities by $40 billion per month. The minutes reveal that indicators of economic activity and employment had strengthened across the country and that, while inflation had risen, the increase reflected transitory factors. The minutes indicate that participants generally noted that the economy remained far from the committee's maximum-employment and price stability goals, though a couple of participants stated their belief that the forbearance programs instituted in response to the pandemic could be masking vulnerabilities among households and businesses. A couple of participants also commented on the inflationary risks. The minutes state that a "number of participants suggested that, if the economy continued to make rapid progress toward the committee's goals, it might be appropriate at some point in upcoming meetings to begin discussing a plan for adjusting the pace of asset purchases." Many participants highlighted the importance of communicating progress in advance of the time when it could be substantial enough to warrant a change in the pace of asset purchases. For more coverage, see this article from *The Wall Street Journal*.

The next meeting of the Federal Open Market Committee is scheduled for June 15-16, 2021.

U.S. Department of Education News

For today's *Federal Register*, click here.

The following announcement was posted on the Office of Federal Student Aid's Knowledge Center:

- Small Business Compliance Guide for Distance and Innovation Regulations (EA ID: OPE-21-07)

Member News

The Kentucky Higher Education Assistance Authority released a Money Tip for Students – May 2021, which says that students who have borrowed federal loans to help pay for college and are finishing their schooling must take exit counseling to prepare for repaying those loans. That goes for student borrowers who are completing degrees, diplomas, and certificates.

General News

Inside Higher Ed reviews a new report from the Pell Institute for the Study of Opportunity in Higher Education and the University of Pennsylvania Alliance for Higher Education and Democracy that highlights how adult learners, low-income students, and students of color are concentrated in colleges with fewer resources, and how they are disadvantaged by numerous other disparities.

Diverse Issues in Higher Education reports that a new bipartisan proposal is seeking to help Historically Black Colleges and Universities (HBCUs) build themselves up. According to Rep. Alma Adams (D-NC), the bill is to "to rectify over a century of systemic neglect" and has the potential to create jobs while investing in HCBU infrastructure.

Inside Higher Ed reports that the COVID-19 pandemic exacerbated already-existing trends, pushing the average tuition discount rate for first-time undergraduates to 53.9 percent this year, according to a new study from the National Association of College and University Business Officers. The article says that higher education experts expect discounting to keep climbing even after the pandemic subsides.

Diverse Issues in Higher Education reports that the COVID-19 pandemic is bringing increased interest to the nursing profession.

The Chronicle of Higher Education reports that, at some colleges, remote work could be here to stay.

Inside Higher Ed reports that, as colleges and universities consider how to incorporate new guidance from the Centers for Disease Control and Prevention for vaccinated individuals into their planning, some are lifting mask mandates while others are saying not so fast.

The Herald Sun includes an op-ed by the Center for Responsible Lending's Rochelle Sparko who argues that North Carolina should pass a Student Borrowers' Bill of Rights to block loan servicers' abuses.

BuzzFeed reports on 13 celebrities who still struggled with student loan debt after finding success.

Harvard Political Review reports on the policy trap: federal student aid and the student debt crisis.

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