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DAILY BRIEFING

Thursday, May 27, 2021

The NCHER offices will be closed on Monday, May 31st in observance of Memorial Day. Both the *NCHER Weekly Rundown* and *NCHER Daily Briefing* will resume publication on Tuesday, June 1, 2021. Have a great weekend!

In Today's Issue...

Maine Senate Committee Advances Private Education Loan Legislation

Trellis Company and Texas Higher Education Coordinating Board Release Financial Wellness Report

Colorado AG Files Lawsuit Against Federal Student Loan Servicer Over PSLF

TICAS Releases Fact Sheet on College Completion

House Education and Labor Subcommittee Holds Hearing on Dislocated Workers

U.S Department of Education News

Member News

General News

Maine Senate Committee Advances Private Education Loan Legislation

On Tuesday, the Maine Senate Committee on Health Coverage, Insurance, and Financial Services approved an [amended version of SP 530](#), which would require private education lenders to register with the state and establish new protections for private education borrowers. The amended version specifies that the annual registration fee cannot be less than \$500, expands the private right of action to allow class actions, and permits a court to render a student loan contract void and unenforceable. It also exempts the Finance Authority of Maine (when extending credit for postsecondary education expenses or guaranteeing that credit) and state-chartered banks and credit unions. Otherwise, under the original bill:

- Private education loan lenders are required to annually provide the Superintendent of Financial Institutions within the Department of Professional and Financial Regulation with information on the schools at which the company has provided borrowers funding to attend; the volume of loans made annually to borrowers residing in the state; the volume of loans made annually at each school; and the default rate for borrowers obtaining loans. The bill also requires lenders to provide a copy of the promissory note used during the previous year. This information will be made available on a state website.
- Private lenders would be assessed a civil penalty of up to \$25,000 for violation of the registration requirement.
- Private loan lenders are required to inform cosigners how the loan will appear on their credit report; how the cosigner will be informed if the loan becomes delinquent; and eligibility for release (including the number of on-time payments and other criteria required for release). Lenders are prohibited from requiring greater than 12 consecutive, on-time payments as one of the criteria for cosigner release, which can be met by making the equivalent of 12 payments within a 12-month period.
- Private loan lenders are required, when notified of the total and permanent disability of a borrower or cosigner, to discharge the liability of the borrower and cosigner.
- If a lender offers flexible repayment terms, these must be described on the lender's website, and be applied consistently.

The bill contains an extensive list of information that must be included in the initial communication by a debt collector in attempting to collect a private education loan. The bill also requires that creditors possess a similar list of information before attempting to collect a private education loan. The bill now heads to the floor of the Maine Senate for additional consideration. State observers expect the amended bill to pass both chambers and be enacted into law.

Trellis Company and Texas Higher Education Coordinating Board Release Financial Wellness Report

The Trellis Company and the Texas Higher Education Coordinating Board recently released a new report titled, [Understanding and Promoting Student Financial Wellness: A Report from the Financial Wellness Learning Collaborative](#). The report offers higher education leaders an opportunity to more fully understand how colleges and universities around the state of Texas are working to support students' financial wellness and to consider concrete strategies and examples that may further or inform their own efforts. The report found that nearly 60 percent of students struggle to find \$500 in cash or credit for an emergency expense. It also found that 96 percent of responding institutions of higher education provide financial wellness services to students.

Trellis and the Coordinating Board plan to hold a webinar to discuss findings of the report on Wednesday June 2, 2021, at 12:00 p.m. ET. For more information or to register, click [here](#).

Colorado AG Files Lawsuit Against Federal Student Loan Servicer Over PSLF

Colorado Attorney General Phil Weiser recently announced that his office has filed a [lawsuit](#) in the District Court for the City and County of Denver against the Pennsylvania Higher Education Assistance Agency (PHEAA) for allegedly not complying with a state law requiring the agency to turn over federal records related to the Public Service Loan Forgiveness program. In its decision to withhold the documents, PHEAA said that it is following the U.S. Department of Education's interpretation of the Higher Education Act that "Loans made, insured, or guaranteed pursuant to a program authorized by title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.) shall not be subject to any disclosure requirements of any State law." The lawsuit requests a temporary and permanent injunction that the agency complies with the attorney general's oversight authority. For more information, see this [press release](#).

TICAS Releases Fact Sheet on College Completion

The Institute for College Access and Success (TICAS) recently released a [fact sheet](#) on college completion, which examines the gaps between varying degrees of earnings and repayment outcomes among completers broken down by college, program, and race. Among the findings, one in seven adults between the ages of 25-64 has taken some college courses but not completed a degree, with Black adults the most likely to have some college education but no degree. The fact sheet explains that completing a degree is key to receiving the benefits of higher education. It also says that racial disparities exist in earnings and repayment outcomes even by those who complete a degree. According to TICAS, these findings prove the need for federal policymakers to improve the quality of programs funded by federal financial aid, strengthen institutional accountability for a broader range of student outcomes, and close racial and economic inequities in higher education.

House Education and Labor Subcommittee Holds Hearing on Dislocated Workers

Today, the House Education and Labor Subcommittee on Higher Education and Workforce Investment held a hearing titled, “Workforce Innovation and Opportunity Act Reauthorization: Creating Employment Pathways for Dislocated Workers.”

In her [opening statement](#), Subcommittee Chairwoman Frederica Wilson (D-FL) said that the hearing would address workers who have been forced out of their jobs, as well as strategies to help workers avoid future displacement through life-long learning. She outlined the programs that are currently authorized under the Workforce Innovation and Opportunity Act (WIOA) to assist displaced workers, including career planning, counseling, support services, and access to training, including on-the-job training. She shared her view that there is no better time to help displaced workers than the present, citing millions of displaced workers because of COVID-19. She said that Congress has long underfunded WIOA, making its services unavailable to many of the people and businesses who need it most. She noted data that the United States currently spends only 0.1 percent of its Gross Domestic Product on workforce policies, compared to an average of 0.6 percent in other developed nations. She noted additional data that only 30 percent of individuals who attempted to access the public workforce system were able to access training because of funding shortfalls. Chairwoman Wilson shared her opinion that chronic underfunding of WIOA leaves the nation’s workers at a disadvantage on the global scale and expressed support for increasing funding for job training programs to overcome many of the workforce problems the nation currently faces. She said that WIOA programs have reduced unemployment and increased wages for participants. She reiterated the importance of helping displaced workers but emphasized the need to take actions that prevent workers from becoming displaced, including life-long learning and training programs.

During her [opening statement](#), Full Committee Ranking Member Virginia Foxx (R-NC) shared her concern over the growing skills gap in the American economy, stating that it impacts every sector of the economy and without proactive action, the problem will only get worse. She cited data from McKinsey that 39 million Americans could become unemployed because of automation by 2030, and added that the COVID-19 pandemic has only exacerbated this trend. She emphasized the importance of preparing workers for the economy of the future, not just the economy of today. Ranking Member Foxx expressed her view that existing WIOA programs need improvement, stating that low job placement rates are unacceptable, given the amount of funding the programs receive. She shared her view that the main priority of reauthorization should be creating additional pathways for workers to re-skill and upskill to meet the demands of the evolving economy. Ranking Member Foxx said that she was encouraged by bipartisan commitment to examine the reauthorization of WIOA thoroughly to ensure that it better assists American workers.

During his [testimony](#), Joseph Barela, Executive Director of the Colorado Department of Labor and Employment, said that the state’s workforce system is driven from the bottom up through 10 local workforce areas including rural sub-areas, with activities delivered by the state’s 57 Colorado Workforce Centers and their partners. The Colorado Workforce Centers are overseen at the state level by the Department and are managed locally by each of the local boards comprised of businesses, labor, partner agencies, and other key stakeholders. The Colorado Workforce Development Council is the governing body charged with the continuous improvement of the workforce system and oversight of WIOA funds and programs. Now, as Americans look to recover from the pandemic and preparation for the future of work, he said it is important to create a proactive workforce system that builds lifelong learners and connects people with economic success. He said the workforce system must be able to act proactively to support workers and communities and the workforce system must support lifelong learning and facilitate upskilling, reskilling, and next skilling throughout a career.

In his [testimony](#), PJ McGrew, Executive Director of the Indiana Governor’s Workforce Cabinet, said that, while a focus of WIOA is to include better employer engagement between the local workforce boards and employers within their communities, Indiana has decided to equip workers with additional resources through NextLevel Jobs funding to help facilitate meeting employers’ training needs. He also mentioned better connectivity between the workforce and education systems would provide a bridge from current employment to lifelong learning and an actualized career pathway. If there was some connection to the education system, financial aid dollars could be utilized to help offset training costs particularly through the community college system. He said that any additional flexibility regarding Pell Grant eligibility for non-credit programs on a state’s Eligible Training Provider List that count toward credit bearing programs through prior learning assessments would make a great pilot for states that have set up programs like the NextLevel Jobs program. In addition, Mr. McGrew stated restructuring of state workforce board membership requirements could also provide better connectivity between state and federal programs similar to Indiana’s positive results with the creation of the Governor’s Workforce Cabinet and subsequent waiver from U.S. Department of Labor.

In his [testimony](#), Matthew Sigelman, Chief Executive Officer of Burning Glass Technologies, said that, across the economy, 30 percent of the skills required in the average occupation today are different from

those needed just a decade ago, challenging both workers to remain relevant and employers to keep their workforces from becoming obsolete. He stated:

- Jobs and skills are changing faster than traditional labor market information systems can track;
- The current workforce system focuses on placing people as fast as possible, rather than focusing on the best opportunities or on building the workforce that industry needs;
- It is important to apply metrics of demand and of job quality in assessing and prioritizing workforce investments; and
- The current workforce training system is designed to retrain people from scratch, rather than leveraging what workers already know. By leveraging “skill adjacencies,” the workforce system can place people more quickly, less expensively, and with greater long-term success.

He noted that, to change the workforce system to meet these challenging demands, a new version of WIOA will need to address six imperatives: (1) worker mobility; equitable opportunity; (2) ongoing skill development; (3) actionable data; (4) good quality jobs; (5) return on investments; and (6) demand-driven workforce development.

In her [testimony](#), Portia Wu, Managing Director for Public Policy at Microsoft Corporation, outlined several key possibilities in reauthorizing WIOA, such as providing skills training programs so they could cast a broad net to reach individuals from many backgrounds; providing online learning and community partnerships; strengthening employer-based digital transformation in order to preserve jobs and help workers develop new skills; and providing accurate data innovations and tools to enhance new opportunities. She recommended that to modernize WIOA programs, Congress should:

- Ensure workforce systems support the attainment of key technology skills over the course of a worker’s lifetime;
- Bridge digital gaps to help address equity;
- Make better use of low-cost, widely available resources;
- Provide incentives for employers to upskill; and
- Make the most of labor market and skills data and innovations.

For additional information on the hearing, including an archived webcast, visit the [committee website](#).

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:

- [FSA Partner Connect – Helpful Information About Help Center and FSA Handbook \(EA ID: GENERAL-21-35\)](#)

Member News

The Pennsylvania Higher Education Assistance Agency recently [announced](#) a change to interest rates for PA Forward undergraduate, graduate, and parent borrowers, along with expanded benefits and eligibility requirements. Combined with the program’s existing benefits, PA Forward undergraduate and graduate borrowers can experience fixed interest rates as low as 3.73



percent APR and no higher than 6.69 percent APR. This rate change applies to new applications beginning May 12, 2021.

General News

[*Inside Higher Ed*](#) reports that, during Fiscal Year 2020, states spent \$2.68 billion on private colleges and universities, the equivalent of \$563 per full-time student across the country, according to a brief by the State Higher Education Executive Officers Association.

[*Diverse Issues in Higher Education*](#) reports that legal scholars from George Washington University assessed President Joe Biden's first 100 days in office in a virtual panel that was part of the school's bicentennial events.

[*Higher Ed Dive*](#) reports that Rhode Island is one step closer to free college as state lawmakers approved legislation this week that would cement into law the Rhode Island Promise, which provides up to two years of free tuition for certain Community College of Rhode Island students. It now heads to the governor's desk for his signature.

[*Black Enterprise*](#) reports that President Joe Biden has dropped student loan forgiveness from the annual budget, but the issue continues to be reviewed separately.

[*InvestorPlace*](#) reports on when college graduates should and should not refinance their federal and private student loans.

[*Inside Higher Ed*](#) reports that a disproportionate drop in Black students enrolled in college prompted higher education leaders in Illinois to propose increased state support for and shifts in how higher education is promoted and delivered to students of color.

[*The Chronicle of Higher Education*](#) publishes a sortable and searchable database that provides "sticker prices" — published tuition and required fees — at more than 3,400 colleges and universities for the 2020-21 academic year along with historical data back to 1998.

[*Diverse Issues in Higher Education*](#) reports that, as the nation's COVID-19 vaccine rollout continues and colleges and universities prepare for in-person instruction in the fall, what remains unclear is how the Center for Disease Control and Prevention's recent guidance for fully vaccinated people will apply. Higher education institutions are still undecided about mask and social distancing requirements for the fall.

[*Inside Higher Ed*](#) reports that student parents feel stressed and isolated, but most do not know about campus mental health resources, according to a new report from the JED Foundation and Ascend.

[*Accounting Today*](#) reports that the Federal Accounting Standards Advisory Board is looking for input on a proposed interpretation of the federal financial accounting standards for debt cancellation.

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