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DAILY BRIEFING

Tuesday, June 1, 2021

The *NCHER Daily Briefing* will publish on an abbreviated schedule consisting of today and Thursday while Congress is in recess in commemoration of Memorial Day. We will resume our regular publishing schedule once the Senate returns to legislative business on June 7, 2021.

In Today's Issue...

Weekly Rundown

**White House Office of Management and Budget Releases
President Budget Request for FY 2022**

**FSA COO Cordray Issues New Guidance on State Access to
Student Loan Data**

**Senate Reaches Agreement on Expanding Pell Grants for Short-
Term Programs**

Elizabeth City State University Uses COVID-19 Relief Funds to Cover Student Loan Debt

U.S Department of Education News

Member News

General News

Week of June 1, 2021



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](#).

White House Office of Management and Budget Releases President Budget Request for FY 2022

Last week, the White House Office of Management and Budget (OMB) released the [President's budget request for Fiscal Year 2022](#), which requests \$6 trillion for new investments in education, climate change, childcare, and highways. It combines the President's \$2.3 trillion infrastructure plan, \$1.8 trillion Families Plan proposal, and \$1.5 trillion in discretionary spending to fund federal agencies for the upcoming fiscal year. The [budget request for the U.S. Department of Education](#) totals \$102.8 billion, a 41 percent increase over Fiscal Year 2021 levels, and includes the following items:

- **Pell Grants:** The budget request includes \$25.5 billion in discretionary funding for the Pell Grant program, which would increase the maximum award by \$400, the largest one-time increase since 2009. The budget says that this increase, together with the \$1,475 increase included in the American Families Plan, represents a significant first step to deliver on the President's goal to double the grant.

- Campus-Based Aid Programs: The budget requests \$880 million for Supplemental Educational Opportunity Grants and \$1.19 billion for Federal Work Study, the same amount as provided by Congress last year.
- TRIO and GEAR UP: The budget requests \$1.3 billion for Federal TRIO Programs, an increase of \$200.8 million over last year, to provide services to encourage underserved individuals to enter and complete college and postgraduate education. It also requests \$408 million, an increase of \$40 million, to assist middle and high school students in preparing for college through the Gaining Early Awareness and Readiness for Undergraduate Programs.
- Expand Federal Student Aid Eligibility to DREAMers: The budget proposes to expand eligibility for Pell Grants and Campus-Based Aid to Deferred Action for Childhood Arrival recipients. It says that the Administration would also like to work with Congress to ensure these students are eligible for federal student loans.
- Free Community College and Tuition-Free HBCUs: The budget requests \$14.3 billion (in first-year funding) for a partnership between the federal government and states, tribes, and territories to ensure that first-time students and workers wanting to reskill can enroll in a community college to earn a degree or credential for free. The budget says that, if all states, territories, and Tribes participate, about 5.5 million students would pay \$0 in tuition and fees. The budget also requests \$4.6 billion (in first-year funding) for grants to eligible four-year Historically Black College and Universities, Tribal Colleges and Universities, and minority-serving institutions such as Hispanic-serving institutions and Asian American and Native American Pacific Islander-serving institutions that will provide two years of subsidized tuition for eligible students from families earning less than \$125,000. The budget says that the grants will “tackle longstanding inequities in postsecondary education and make the U.S. more competitive on the global stage.”
- Completion Grants: The budget requests \$6.2 billion (in first-year funding) for a new Completion Grant program to support a comprehensive set of completion and retention activities at colleges and universities that serve high numbers of low-income students. Under the program, federal funds would be distributed to states and tribes based on a formula that accounts for low-income students enrolled in both public and non-profit colleges and grants would give priority in allocating funds to underserved institutions enrolling large proportions of low-income students. Funds could be used for a variety of evidence-based and promoting practices to support student retention, completion, and success both at the state and institutional level such as comprehensive academic support services, direct student support services, career coaching and networking, career pathways, and improving transfer student success.
- Account Maintenance Fees: Similar to past years, the budget request eliminates Account Maintenance Fees (AMF) paid to guaranty agencies. Congress extended the authority for the payment of AMF in the Department of Labor, Health and Human Services, Education, and Related Agencies Appropriations Act of 2021. NCHER urges its members to advocate for an additional one-year extension in the Fiscal Year 2022 Labor, Health and Human Services, Education, and Related Appropriations Act.
- Other Federal Student Loan Proposals: The budget says that “the Administration also looks forward to working with the Congress on changes to the Higher Education Act of 1965 that ease the burden of student debt, including through improvements to the Income Driven Repayment and Public Service Loan Forgiveness programs.”
- Student Aid Administration: The budget requests \$2.1 billion for the Student Aid Administration account to administer federal student aid programs, an increase of \$200 million above last year’s appropriation. The budget says that the requested funds are necessary to implement the FAFSA Simplification Act and FUTURE Act, provide high-quality loan servicing to more than 40 million student loan borrowers, and protect the personally identifiable information for around 75 million parents and students. The budget says that the Department anticipates extending the current student loan servicing contracts set to expire in December 2021 and March 2022 for the Title IV Additional Servicers and the Not-for-Profit servicers, respectively. The budget request includes the following: “The Department anticipates using the authority provided in the Consolidated Appropriations Act 2021 to extend legacy loan servicing to ensure stable operations while also working to develop a long-term servicing solution. Extending the legacy loan servicing contracts will give the Department the ability to focus on major challenges including ensuring a smooth transition out of the payment pause and implementing the FAFSA Simplification Act and FUTURE Act as quickly as possible. In both the extension of legacy servicing and the development of a long-term servicing solution, the Department will be focused on improving outcomes for student loan borrowers including increased oversight and accountability of servicers.”

FSA COO Cordray Issues New Guidance on State Access to Student Loan Data

Last week, the U.S. Department of Education's Office of Federal Student Aid (FSA) Chief Operating Officer (COO) Richard Cordray released new [guidance](#) to its vendors on outside requests for records and data associated with the federal student loan program. In a [blog post](#), Mr. Cordray said that the new policy would create a streamlined and expedited process for any federal, state, or local authorities to request access to information they need to investigate or oversee federal student loan servicers and collectors. The guidance reversed a previous policy put in place by former Education Secretary Betsy DeVos. Under the new policy, any request from any first- or third-party for federal student loan records to which a contractor has access must be made directly to the Department, and the Department will handle the request on a case-by-case basis. Mr. Cordray also vowed to collaborate with state attorneys general and other regulators to monitor FSA's vendors hired by the Department and share information as needed. "States and regulators need information when they think a loan servicing company might be violating a law or regulation," Mr. Cordray said. "To know for sure, they need to look at the companies' policies and procedures, their handbooks, complaints made by customers, and anything else that shows how the company operates."

In response to the new FSA memo, House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) released a [statement](#) criticizing the decision for sharing borrowers' private and aggregate data with state and local government agencies. "COO Cordray's guidance bows to the whims of state-based Democrat politicians who are more interested in putting companies out of business than helping struggling student loan borrowers," she said. "Congress charges FSA with the duty of running the federal student loan program for a reason. Federal programs need federal leadership. Yet COO Cordray's first order of business is to pass his responsibilities onto others. Borrowers and federal contractors need clear-eyed direction from the federal government. This disordered guidance is a disservice to American families."

For additional coverage, see this article from [CNN](#).

Senate Reaches Agreement on Expanding Pell Grants for Short-Term Programs

Last week, Senate leaders reached an agreement to include an amendment expanding Pell Grants for vocational training programs as part of a package of last-minute revisions to [S. 1260, the U.S. Innovation and Competition Act](#), which is currently pending in the U.S. Senate. The amendment authored by Sens. Tim Kaine (D-VA) and Rob Portman (R-OH) would allow students enrolled in career training programs as short as eight weeks long to be eligible for Pell Grants, which are currently generally limited to programs that run for at least 15 weeks. The amendment would expand Pell Grants only to vocational training programs at public and private, nonprofit institutions, excluding for-profit colleges, and require the colleges and universities to demonstrate that graduates of their short-term programs receive a median increase in earnings of 20 percent after completing the training. Institutions would have to "prominently" publish information about completion rates, job placement rates, and post-graduate earnings. The Senate is expected to resume consideration of S. 1260 once it returns from its one-week recess in commemoration of Memorial Day.

Elizabeth City State University Uses COVID-19 Relief Funds to Cover Student Loan Debt

Last week, Elizabeth City State University in North Carolina [announced](#) that it will cover the student debt for those with outstanding balances on their account from the past academic year due to hardships associated with the COVID-19 pandemic, using funds from the Higher Education Emergency Relief Fund II, which is part of the American Rescue Plan passed by Congress in March. The public university will pay down an estimated total of \$286,500 in student debt accrued during the fall 2020 and spring 2021 semesters. Farrah Ward, Provost of the university, said, "The administration is aware that the COVID-19 crisis caused financial hardships for many students and their families. As the pandemic and its impact continue to affect our students, we are committed to finding ways to support the Viking Community through this crisis."

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:

- [Public Hearings to Establish Negotiated Rulemaking Committees | Knowledge Center](#)

Member News

The Kentucky Higher Education Assistance Authority released its [Financial Aid Tip for Students – June 2021](#), which remind student and parent borrowers that private education loans bridge the gap between college costs and other student aid.



General News

[The Chronicle of Higher Education](#) and [Inside Higher Ed](#) provide further coverage of the recent report from the State Higher Education Executive Officers Association that state funding for higher education increased in 2020 for the 8th straight year but it will not make up for past cuts.

[NBC News](#) asks the question – where is the White House’s promised memo regarding President Joe Biden’s authority to cancel student debt? Neither the White House nor the U.S. Department of Education could provide the news outlet with a timeline of the review process as federal student loan forbearance is set to expire in four months.

[Newsweek](#) reports that President Joe Biden will not include a plan to reduce student loan debt in a speech outlining how his administration aims to tackle the racial wealth gap in the United States.

[CNBC](#) reports on what happens and what to do when borrowers cannot pay on their federal student loans.

[PolitiFact](#) reports that federal student debt forgiveness is not in President Joe Biden’s budget request for Fiscal Year 2022, but it is still in play.

[Higher Ed Dive](#) reports that the future of higher education may be decided in the courtroom. New lawsuits — some of which could reach the U.S. Supreme Court — are poised to fundamentally reshape higher education by challenging everything from how colleges and universities investigate sexual misconduct to whether they are doing enough to protect students on campus.

[The Chronicle of Higher Education](#) continues to update its list of colleges that will require students or employees to be vaccinated against COVID-19.

[Diverse Issues in Higher Education](#) reports that now in its eighth year, the “Most Promising Places to Work in Community Colleges,” examines the extent to which diversity and inclusion are ingrained in the workplace culture of two-year community and technical colleges.

[Inside Higher Ed](#) reports Colorado Governor Jared Polis signed legislation that will bar legacy preferences, which favor the children or other relatives of alumni, in admissions by public colleges and universities in the state.

[Forbes](#) reports that Wilberforce University, America’s oldest private historically black university, surprised its graduates with the ultimate graduation gift: student loan cancellation.

[Inside Higher Ed](#) reports that President Joe Biden detailed his ambitious plans for science and technology, and his more modest plans for the humanities, in his detailed budget proposal released Friday.

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[June 1, 2021](#)

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