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# **D** **AILY BRIEFING**

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## NCHER Annual Conference: New FSA Head Richard Cordray to Discuss His Vision for the Federal Student Loan Program, Register Today!



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 a week 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:

- An update from the U.S. Department of Education with remarks by new Federal Student Aid (FSA) Chief Operating Officer Richard Cordray who will talk about his vision for FSA and his ideas for reforming the federal student loan program and Senior Advisor to the Chief of Staff Ben Miller who will discuss the policies and priorities of the Department and the outlook for higher education in 2021 and 2022.
- 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 a discussion of LIBOR transition activities.
- A discussion on 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!

## House and Senate Republican Education Committee Leaders Urge Education Secretary Cardona to Restart Federal Student Loan Payments

Last week, Senate Health, Education, Labor, and Pensions Committee Ranking Member Richard Burr (R-NC) and House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) wrote a [letter](#) urging Education Secretary Miguel Cardona to resume collecting monthly federal student loan payments when the COVID-19 pandemic relief for borrowers expires at the end of September. In the letter, Ranking Member Burr and Ranking Member Foxx state that the loan pause has cost taxpayers \$40 billion last year alone, not counting the \$63 billion in loan re-estimates added to the program costs in 2020 due to previously unanticipated levels of forgiveness. The letter asks the Department if it will create more than six notices for borrowers as required under current law, if additional notices will only be sent to borrowers with demonstrated financial distress, and if the Department will clearly communicate that income-driven repayment (IDR) plans are a viable option for borrowers in financial distress. The letter asks the Department to give clear directions on how borrowers can enroll in IDR and asked the Department if it will communicate how borrowers enrolled in auto-debit payments prior to the loan pause will be treated reentering repayment. Ranking Members Burr and Foxx asked Secretary Cardona to submit answers to their list of questions no later than June 7, 2021.

## U.S. Department of Education Terminates Recognition of ACICS as a Federal Accreditor

The U.S. Department of Education recently issued an opinion terminating the accrediting powers of the Accrediting Council for Independent Colleges and Schools (ACICS). The Department stated that ACICS had failed to properly oversee its institutions of higher education and had inadequate administrative capability in order to be recognized as an accreditor. In a letter to ACICS, Deputy Under Secretary of Education Jordan Matsudaira said, "Following years of review involving four different compliance inquiries and reports, and after considering the entire lengthy and complex record before me, ACICS's significant and systemic noncompliance with multiple regulatory recognition criteria leaves me no reasonable option but to terminate its recognition, effective immediately." Following the announcement, Michelle Edwards, President of ACICS, said in a [statement](#) that she believes the agency is in "substantial compliance with any objective, consistent, and reasonable interpretation of the recognition material." Moreover, she stated that, "All accreditors should see this moment as a wake-up call. You may believe you are in compliance with the recognition criteria, but that is not enough. You may believe the process is objective and standard across all institutions, but that is no longer the case." ACICS has 30 days to appeal the decision to Education Secretary Miguel Cardona, which the accreditor said that it plans to do. The 59 colleges and universities that ACICS oversees will have 18 months to apply for and be granted accreditation from a new accreditor. For more coverage, see these articles from [Inside Higher Ed](#), [The Washington Post](#), and [Higher Ed Dive](#).

## President's Budget Request Includes Additional Resources for Federal Loan Servicing

As reported in Tuesday's *NCHER Daily Briefing*, the White House Office of Management and Budget recently released the President's budget request, which includes [\\$2.1 billion for the Student Aid Administration account](#) to administer federal student aid programs. The amount is an increase of \$200 million above the current year's appropriation. The budget says that the increase is necessary to implement the FAFSA [Free Application for Federal Student Aid] Simplification Act and FUTURE [Fostering Undergraduate Talent by Unlocking Resources for Education] 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 using the authority provided in the Consolidated Appropriations Act 2021 to extend 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 also calls for the elimination of all legislative language included in the Consolidated Appropriations Act 2021 that govern the allocation of loan accounts among servicers and the award of contracts under the Next Generation Processing and Servicing Environment or any new servicing environment. The budget says many of these statutory limitations will be included in the Office of Federal Student Aid's (FSA) long-term servicing solution.

For loan servicing, the budget requests \$920.6 million, an increase of \$48.6 million over last year's budget figure, saying "the higher level reflects an increase in average cost per borrower associated with the COVID payment pause ending in September 2021 as well as higher overall servicing volume." The budget acknowledges that the transition back to repayment following the COVID-19 payment relief will be a challenge, particularly for the 3.9 million high-risk borrowers who were shifted out of delinquency status and into the federal government-provided forbearances. The budget states that "the Department is preparing to assist all borrowers in resuming payments with a particular focus on those who are at risk. The Department will execute a multi-channel communication and engagement plan, which will raise awareness of the resumption of payments and direct all borrowers, particularly those who need assistance, towards available resources. FSA is planning to collaborate with borrower advocates, Congressional offices, schools, and community-based groups when providing return to repayment education." The budget also says that the Department is considering a range of initiatives to improve the processing of existing loan discharge programs. Finally, the budget requests \$51.5 million for Business Process Operations (BPO) saying that the BPO will begin operating contact center and back-office operations for non-servicing activities. According to the budget, "the BPO contact centers will be responsible for handling much of FSA's direct communication with customers and partners including, inbound and outbound calls, email, chat, social media inquiries, and physical correspondence."

## National Student Clearinghouse Report Finds Transfer Student Enrollment Continues to Drop

The National Student Clearinghouse Research Center recently released its new [Transfer, Mobility, and Progress Report](#), which provides a final look into the spring 2021 student transfer patterns that are attributable to the effects of the COVID-19 pandemic. With 94 percent of colleges and universities reporting as of April 22, 2021, the data represents 11.3 million undergraduate students, including 737,000 transfer students. The Clearinghouse will issue a special report in summer 2021 based on the full academic year 2020-21. The report found the following:

- Transfer enrollment fell 10 percent overall this spring, the largest year-over-year decline observed during the pandemic. Non-transfer enrollment also declined but not as steeply (-6.5 percent).
- All transfer pathways continue to be affected by the pandemic. Both reverse and lateral transfer fell sharply (-18 percent and -12.6 percent, respectively). Upward transfer was the only pathway to increase (+1.5 percent versus -5.5 percent last spring).
- Transfer declined the most for traditional college-age students ages 18-24 (-13.6 percent) and least for those 30 and older (-2.5 percent).
- Transfer enrollment at community colleges continues to be the hardest hit during the pandemic (-16.3 percent) while public four-year colleges have been least affected among all sectors (-1.5

percent).

- White, Black, Latinx, and Asian transfer students all fared better at public four-year colleges but worsened at community colleges compared to their pre-pandemic transfer trends.

For more coverage, see this article from [Inside Higher Ed](#).

## Federal Reserve Report Shows Faster Economic Growth

Yesterday, the Federal Reserve released the current edition of its [Beige Book](#) covering the period from early April to late May 2021. The Beige Book is a publication about current economic conditions across the 12 Federal Reserve Districts. It characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from each district's sources. The new report reveals that the pace of the economic expansion is increasing across all districts, which the report attributes to increased vaccination rates against COVID-19 and relaxed social distancing measures. The effect of expanded vaccinations was most notable in consumer spending on leisure travel and restaurant spending. Since the last report, supply chain disruptions were noted and pricing pressures and staffing levels increased, particularly in food services, hospitality and retail sectors.

## 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:

### Electronic Announcements

- [Final Form, Instructions, Desk Reference, and Technical Reference for 2022–23 FISAP \(EA ID: CB-21-06\)](#)

### NSLDS User Resources

- [Perkins TEF File](#)
- [NSLDS GA TEF File](#)

### FFEL Variable Interest Rates

- [Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Interest Rate Calculations for the Period July 1, 2021 – June 30, 2022](#)

## Member News

The Kentucky Higher Education Assistance Authority released its [Money Tip for Students – June 2021](#), which reminds students and their families that higher education can hold to a future with more opportunities.



## General News

[Politico](#) provides further coverage of the U.S. Department of Education's Office of Federal Student Aid's action to rescind a Trump-era policy that blocked state and federal regulators from accessing federal student loan records that they say are needed to oversee and investigate some of the nation's largest student loan companies.

[NerdWallet](#) reports that federal student loans will be more expensive for the 2021-22 school year. Even so, borrowers will still see some of the lowest student loan interest rates of the past decade.

[University Business](#) reports that financial aid appeals remain high due to the pandemic according to a survey from the National Association of Student Financial Aid Administrators. Colleges and universities are boosting outreach efforts, leaning on U.S. Department of Education guidance on incomes for professional judgment requests.

[Inside Higher Ed](#) reports that President Joe Biden has released a plan to tackle racial wealth disparities in the United States, but it excludes the cancellation of student loan debt, which experts argue is one of the biggest parts of the problem.

[Diverse Issues in Higher Education](#) reports that COVID-19's impact on student success and mental health forced institutions of higher education to reexamine the efficacy of academic structures that had long been considered status quo. For some schools, that included rethinking the 16-week semester.

[The Chronicle of Higher Education](#) urges readers to look beyond flagship public universities, and you will see that privatization has had devastating consequences for racial and social equity.

[Forbes](#) reports that, this week, the District of Columbia City Council unanimously passed a resolution calling on President Joe Biden to cancel student debt. DC is just the latest city calling on the federal government to forgive the student loan debt of millions of borrowers. Philadelphia, Boston, and Cambridge enacted similar resolutions earlier this year.

[The Hechinger Report](#) reports that public colleges and universities have sent hundreds of thousands of students around the country to private debt collection agencies for unpaid tuition bills, and the spiraling debt held there now totals more than half a billion dollars. For many students, the financial burden makes it impossible for them to return to college and earn degrees that could get them good jobs.

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