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# DAILY BRIEFING

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## **Sens. Warren, Schumer, Consumer Groups Urge President to Extend Federal Student Loan Payment Pause**

Yesterday, Sen. Elizabeth Warren (D-MA) and Senate Majority Leader Chuck Schumer (D-NY), along with more than 60 House and Senate Democrats sent a [letter](#) to President Joe Biden urging him to extend the current pause on payments and interest accrual for federally held student loans. The pause is currently set to expire at the end of September. The letter argues that resuming monthly payments could “drag down the pace” of the economic recovery, and calls on the President and the U.S. Department of Education to extend the pause by at least six months through March 31, 2021, or until the economy reaches pre-pandemic employment levels, whichever is longer. “While the economic recovery is in progress, additional financial support is needed by students and families throughout the summer, when eviction and foreclosure moratoriums may lapse, and beyond September, when the extended unemployment benefits from the American Rescue Plan are set to expire,” the letter says. “Restarting payments, however, will present a significant challenge for borrowers, loan servicers, and the Department, and we urge you not to let the payment pause lapse when borrowers are still depending on this financial relief.”

Separately, a group of 125 consumer and public interest sent a [letter](#) to President Biden also urging him to extend the current pause on payments and interest accrual for federally-held student loans until the administration fixes the federal student loan system and cancels student loan debt. Unlike the letter from Democratic lawmakers, which calls for an extension of the moratorium through March, the consumer groups call for an extension until the Department takes broad action on the student loan system. “You ran for president on the promise that you would reform the student loan system to ensure that student debt would not be a lifelong burden and that student loan payments would be affordable for those in repayment,” the letter says. “It is critical that your administration deliver on these promises made to student loan borrowers and their families before ending the pause in payments and collections.” For more coverage, see this article from [CNN](#).

## Department of Education Concludes Public Hearings on Negotiated Rulemaking

Today, the U.S. Department of Education held its third and final virtual public hearing to examine those issues that may be considered as part of multiple upcoming negotiated rulemaking committees. During the morning and afternoon sessions, public presenters continued to discuss common concerns associated with Income-Driven Repayment (IDR) plans, Public Service Loan Forgiveness (PSLF), and Total and Permanent Disability (TPD) discharge. Some specific comments include the following:

- The negotiated rulemaking committees must be inclusive and include all stakeholders as nonfederal negotiators such as students, defaulted borrowers, and advocates for disabled borrowers.
- Operational and policy guidance and information from Federal Student Aid must be timely, consistent, and complete as it relates to the administration of federal student aid programs.
- There needs to be a single simplified and streamlined IDR plan that does not include the flaws of the current complex plans, as well as the ability to provide verbal recertifications for the annual renewal. IDR plans must be affordable and accessible for all borrowers (including parent PLUS and defaulted borrowers), regardless of loan type. The FUTURE [Fostering Undergraduate Talent by Unlocking Resources for Education] Act must be implemented as soon as possible to help reduce the cumbersome features of the current IDR process.
- Federal forgiveness programs, such as PSLF, must be 'fixed' so they actually work as intended.
- Loan rehabilitation reform is needed, especially for incarcerated borrowers who are trying to complete the process, and such effort should include the ability to make a one-time lump sum payment. A loan rehabilitation payment under an alternative monthly payment formula should be one that ensures a borrower will be able to afford his or her monthly payment post-rehabilitation to ensure there is not a subsequent default.
- The Secretary of Education should use the authority granted under the HEROES Act to allow all loans to be eligible for PSLF.
- The borrower defense to repayment regulations need to protect the borrower and provide due process for schools. Reform of these regulations needs to happen in an expedited manner given how many years some borrowers have been waiting for discharge.
- The Department should strengthen cohort default rate calculations so the rates cannot be gamed.
- There is lack of proper underwriting criteria for Parent PLUS loans especially for some of the most vulnerable population. Past payment history is not sufficient to determine ability to repay and a simple debt-to-income ratio should be required to ensure the most vulnerable are not saddled with debt they will never be able to repay.

Public written comments can still be submitted to the Department by July 1, 2021. The Department anticipates that the negotiated rulemaking committees will convene in late summer 2021 with formal notices of proposed rulemakings being released April through July 2022.

## House Clears Congressional Review Act Resolution Repealing True Lender Rule

This afternoon, the U.S. House of Representatives passed [Senate Joint Resolution 15](#), which uses the Congressional Review Act to repeal the Office of the Comptroller of the Currency's (OCC) True Lender Rule. The resolution passed by a vote of 218-208. The House's action follows the Senate's passage of the resolution in mid-May; it now heads to the White House for the President's likely signature. Prior to the Senate vote, the White House issued a [Statement of Administration Policy](#) in support of the resolution, saying: "The rule that S.J. Res. 15 would nullify undermines state consumer protection laws and would allow the proliferation of predatory lending by unregulated payday lenders using, among other vehicles, "rent-a-bank" schemes to funnel high-interest, predatory loans through national banks to evade

state interest rate caps.” The [final rule](#), published on October 30, 2020, describes when a national bank or federal savings association is deemed to be the lender in the context of an arrangement with a third party.

## Department of Education Publishes Deadline for FAFSA, Title IV Programs

Today, the U.S. Department of Education published a [Federal Register notice](#) setting the 2021-2022 award year deadline for reports and other records associated with the Free Application for Federal Student Aid (FAFSA), the Direct Loan program, the Federal Supplemental Educational Opportunity Grant program, the Federal Work-Study program, and the Federal Pell Grant program. The deadline for the receipt of a FAFSA is June 30. For other federal student aid programs, an Institutional Student Information Record or Student Aid Report for the student must be received by the institution of higher education no later than the student’s last date of enrollment for the 2021-2022 award year or September 17, 2022, whichever is earlier.

## House Education and Labor Committee Holds Hearing with Education Secretary Cardona

Today, the House Education and Labor Committee held a hearing titled, “Examining the Policies and Priorities of the U.S. Department of Education,” with Education Secretary Miguel Cardona. In his [opening statement](#), Chairman Bobby Scott (D-VA) expressed frustration with the Trump Administration, stating that the Department had moved in “the wrong direction for four years.” He noted that, in March, Congress and the Biden Administration worked together to pass the American Rescue Plan Act, which provided the largest one-time, federal investment for education in the nation’s history. He noted that the new law required half of the funding for institutions of higher education to go to direct aid to help students avoid hunger, homelessness, and other hardships. Chairman Scott said that, today, the committee will discuss how the Department’s budget request, the American Jobs Plan, and the American Families Plan will build back a better education system where everyone can succeed. He noted that the American Families Plan provides tuition-free community college, reduces costs for Historically Black Colleges and Universities (HBCUs) and Minority Serving Institutions (MSIs), and provides for an historic increase in Pell Grants. He stated that the American Jobs Plan includes funding to modernize school infrastructure. Chairman Scott said that he looked forward to hearing how the Department’s budget will confront persistent academic achievement gaps, restore access to education for students with disabilities, lower the cost of college, and ensure that all students have access to a quality education.

In her [opening statement](#), Ranking Member Virginia Foxx (R-NC) expressed frustration with the Department’s budget request and many other policies put in place by the Biden Administration. She stated that Republicans are concerned with the “preventable \$1 trillion student loan repayment disaster looming on the horizon.” She noted that federal student loan borrowers have not had to make payments on their loans since March 2020 and they are supposed to resume payments on September 30. But she said that Secretary Cardona has not communicated his plan to transition these loans from inactive to repayment status. She also expressed concern that the Biden Administration has not opened or closed any investigations into donations received by colleges and universities from or contracts they entered into with adversarial foreign sources.

In his [testimony](#), Secretary Cardona discussed the President’s budget request in detail. He said the American Families Plan would ensure that DREAMers may receive Pell Grants if they meet eligibility requirements and provides two years of free community college to first-time students and those wishing to re-skill. He said that the budget proposal makes college more affordable for low- and middle-income students at four-year HBCUs, tribal colleges, MSIs, Hispanic Serving Institutions, and Asian American, Native American, and Pacific Islander serving institutions. The Secretary stated that he is committed to

working collaboratively with each of the committee members to strengthen schools and campuses and help provide opportunities, pathways, and outcomes for students across the nation.

During the question-and-answer portion of the hearing, Rep. Joe Courtney (D-CT) urged Secretary Cardona to extend the pause on federal student loan payments. The Secretary said that he recognizes the impact that the pandemic has had on borrowers and extending the pause has been the subject of several conversations within the administration. He said that the Department would provide additional information soon. Rep. Courtney also urged the Secretary to support legislation to count forbearances for those servicemembers that are deployed as part of the Public Service Loan Forgiveness (PSLF). The Secretary said that he supports an overhaul of the program and hired Federal Student Aid (FSA) Chief Operating Officer Richard Cordray to fix the federal student loan program. Rep. Joe Wilson (R-SC), Rep. Elise Stefanik (R-NY), and Rep. Jim Banks (R-IN) asked Secretary Cardona whether the Department would properly implement Section 117 of the Higher Education Act regarding foreign gifts to institutions of higher education; the Secretary said that he would look into the issue further. Rep. Wilson also said that the President's budget is focused solely on spending money, not on changing systems that do not provide a high-quality education; the Secretary said that the budget is about investing in students and getting a better return on federal investments. Rep. Suzanne Bonamici (D-OR) asked Secretary Cardona what the Department is doing to improve student loan repayment. The Secretary said that the federal student loan program is broken and the Department is communicating with borrowers and making the processes simpler when it comes to PSLF and discharges for total and permanent disability. Rep. Mark Takano (D-CA) asked Secretary Cardona whether he would approve borrower defense to repayment claims adjudicated by state Attorneys Generals (AGs). The Secretary said that the Department looks forward to working with AGs to protect borrowers and to provide relief to those borrowers that were taken advantage of by for-profit colleges and universities. Rep. Takano also asked Secretary Cardona how the Department is working with state law enforcement officials to crack down on proprietary colleges. The Secretary said that the Department is working with its state partners to protect its borrowers and has put in place a strong team that understands the needs of borrowers. Rep. Alma Adams (D-NC) asked Secretary Cardona to expand on his comments that the Department is cracking down on proprietary colleges that prey on students and plans to address disproportionate college enrollment for low-income students. The Secretary said that the American Rescue Plan Act provides additional funds to institutions of higher education, which he hopes will be spent to re-engage low-income students. He said the American Families Plan also includes additional funds for Pell Grants. Ranking Member Foxx made the comment that the U.S. Government Accountability Office found there was no evidence that the previous administration was to blame for the problems with PSLF. She said that the program was narrowly constructed by Congress, and only the House and Senate will be able to fix the problems. Rep. Donald Norcross (D-NJ) urged Secretary Cardona to expand the narrative that students do not need to go to a four-year college in order to get a good job.

Rep. Fred Keller (R-PA) discussed a Brookings Institution paper that discussed how graduate students have the bulk of federal student loan debt and asked Secretary Cardona how he can justify providing federal student loan forgiveness to high-earning borrowers. The Secretary said that the Department has not made a final decision on loan forgiveness and the agency is focused on ensuring that students are getting a return on their investment. Ranking Member Foxx asked Secretary Cardona for a copy of an unredacted report that outside consultants prepared for FSA on the federal student loan program. The Secretary said that he would continue to work with the committee on the issue. Rep. Gregory Murphy (D-NC) said that the Department should examine why colleges and universities are increasing their costs and why student loan debt continues to increase. The Secretary said that he believes colleges and universities need to use their federal aid to help students and institutions should look at the costs of books and other areas especially as they serve more nontraditional students. Rep. Mariannette Miller-Meeks (R-IA) criticized the President's budget request to provide free community college. Ranking Member Foxx said that FSA was set up as an apolitical office and that Mr. Cordray does not have the requisite experience in information technology and financial management as required under the Higher Education Act. She asked Secretary Cardona whether he has the operational knowledge to run the federal student loan program; the Secretary said that he has the confidence in Mr. Cordray to institute consumer protections. Rep. Haley Stevens (D-MI) asked Secretary Cardona what resources the Department is planning to offer borrowers and federal student loan servicers impacted by the expiration of the repayment pause. The Secretary said that the Department is planning to communicate effectively with borrowers. Ranking Member Foxx asked Secretary Cardona why the Department is initiating the special assignment process for newly defaulted Federal Family Education Loan program borrowers. The Secretary said that the Department is trying to support borrowers so they can get back on the feet. Ranking Member Foxx said that the proposal will have a negative impact on borrowers as they will still have a default on their credit report. The Secretary said that the Department wants to work with the committee to help their borrowers. Ranking Member Foxx said that, under the Higher Education Act, the Secretary must determine that the process is in the federal fiscal interest and that she will hold him accountable for working with her on this issue. Ranking Member Foxx said that it appears that Sen.

Elizabeth Warren (D-MA) is running higher education policy at the Department, especially as she is blocking the nomination of James Kvaal to serve as Under Secretary. Rep. Ilhan Omar (D-MN) asked Secretary Cardona why it is taking so long for the Biden Administration to cancel all student loan debt in the country. The Secretary said that he understands the challenges that borrowers have with student loan debt and the Department's legal team and the U.S. Department of Justice are still having conversations on the legal memo on whether the Secretary of Education has the executive authority to forgive student loan debt.

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

## Senate Appropriations Subcommittee Holds Hearing with Treasury Secretary Janet Yellen, Calls for Action on the Debt Ceiling

Earlier this week, the Senate Appropriations Subcommittee on Financial Services and General Government held a hearing on the U.S. Department of the Treasury's budget request for Fiscal Year 2022. The featured witness was Janet Yellen, Secretary of the Treasury. In his opening statement, Subcommittee Chairman Chris Van Hollen (D-MD) thanked the Secretary for moving full steam ahead to help those hardest hit by the COVID-19 pandemic, jump start the recovery, and pave the way to a fair economy. In her opening statement, Subcommittee Ranking Member Cindy Hyde-Smith (R-MS) acknowledged that Secretary Yellen has a full plate, but expressed concern about the proposed deficits included in the President's budget request.

In her [testimony](#), Secretary Yellen pointed to all the work tasked to Treasury by the American Rescue Plan, including providing \$350 billion in funding for state, local, and tribal governments to help them start operating normally, programs to help people pay their rent and mortgages, and administration of economic impact payments and the expanded child tax credit. She said that the Department, including the Internal Revenue Services, needs additional resources. "Not accounting for inflation, our annual budget is still at the same enacted level as 2010, and critical policy offices – like Domestic Finance, Economic Policy, and Tax Policy – have seen their budgets cut by as much as 20 percent since 2016," she said. During the question-and-answer portion of the hearing, Chairman Van Hollen asked the Secretary about the consequences of a default if Congress does not raise the debt ceiling, or even uncertainty about whether the federal government will meet its obligations. Secretary Yellen said a default would be unthinkable, with catastrophic consequences that would precipitate a financial crisis. Chairman Van Hollen also asked the Secretary about Treasury's ability to use "extraordinary measures" to avoid default and when they would run out. Secretary Yellen said that Treasury is trying to refine its estimates, but the time could come while Congress is in its August recess. She pleaded with the Congress to raise or suspend the ceiling before the end of July.

For more information on the hearing, including an archived webcast, visit the [committee website](#). For new coverage, see this article from [The Wall Street Journal](#).

## FTC Sends Refunds to People who Lost Money to Student Loan, Mortgage Debt Relief Scheme

Today, the Federal Trade Commission (FTC) [announced](#) that it is sending refunds totaling more than \$223,000 to people who lost money to a student loan and mortgage debt relief scheme. According to a September 2017 complaint, the FTC alleged that A1 DocPrep Inc., Streamlined Marketing, and their owner, Horman Ardalan, falsely claimed to be from the U.S. Department of Education and promised to reduce borrowers' monthly payments or forgive their student loans in exchange for illegal upfront fees. The Commission also alleged the defendants targeted distressed homeowners by making false promises that they would provide mortgage relief and prevent foreclosure. The refunds stem from settlements the

defendants reached with the FTC that ban the companies from providing debt relief and telemarketing activities and prohibits them from making misrepresentations or unsubstantiated claims related to other financial products or services. The FTC will be mailing 136 checks to consumers who previously filed a complaint with law enforcement.

## Bill Introductions

H.R. 4090 - To amend the Higher Education Act of 1965 to make college affordable and accessible.  
Sponsor: Rep. Harder, Josh [D-CA-10] (Introduced 06/23/2021) Cosponsors: (1)  
Latest Action: House - 06/23/2021 Referred to the House Committee on Education and Labor.

H.R. 4095 - To amend the Internal Revenue Code of 1986 to exclude certain post-graduation scholarship grants from gross income in the same manner as qualified scholarships to promote economic growth.  
Sponsor: Rep. LaHood, Darin [R-IL-18] (Introduced 06/23/2021) Cosponsors: (1)  
Latest Action: House - 06/23/2021 Referred to the House Committee on Ways and Means.  
[Press Release](#): LaHood, Sewell, Capito, Peters Introduce Bipartisan Legislation to Boost Post-Graduation Scholarships

H.R. 4106 - To amend the Stop Student Debt Relief Scams Act of 2019 to make technical corrections.  
Sponsor: Rep. Stevens, Haley M. [D-MI-11] (Introduced 06/23/2021) Cosponsors: (0)  
Latest Action: House - 06/23/2021 Referred to the House Committee on Education and Labor.

S. 2198 - A bill to amend the Carl D. Perkins Career and Technical Education Act of 2006 to give the Department of Education the authority to award competitive grants to eligible entities to establish, expand, or support school-based mentoring programs to assist at-risk students in middle school and high school in developing cognitive and social-emotional skills to prepare them for success in high school, postsecondary education, and the workforce.  
Sponsor: Sen. Durbin, Richard J. [D-IL] (Introduced 06/23/2021) Cosponsors: (1)  
Latest Action: Senate - 06/23/2021 Read twice and referred to the Committee on Health, Education, Labor, and Pensions.  
[Press Release](#): Durbin, Duckworth, Schakowsky, Garcia, Trahan Introduce Mentoring To Succeed Act

## 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:

- [2021-2022 Award Year Deadline Dates Notice](#)

## General News

[The Hill](#) includes an op-ed by American Enterprise Institute Resident Fellow Beth Akers who argues that it does not really matter if student loan cancellation is progressive or regressive.



[Forbes](#) reports that 90 percent of federal student borrowers say they are not ready to pay student loans starting October 1, according to a new survey by Student Debt Crisis and Savi.

[Inside Higher Ed](#) reports that some two-year colleges are reporting an increase in summer enrollment.

[Diverse Issues in Higher Education](#) reviews the “Crisis to Recovery” report that details policy recommendations for federal and state governments and higher education institutions as the U.S. transitions to a COVID-19 recovery phase. The year-long research project was funded by the Bill Gates Foundation and Ascendium Education Group.

[Inside Higher Ed](#) reports that a new report from Blackboard suggests students at risk of not continuing their education expressed less satisfaction with support services at their institutions.

The Brookings Institution publishes a [blog post](#) on student loans, the racial wealth divide, and why full student loan debt cancellation is needed.

[The Root](#) reports that U.S. Secretary of Housing and Urban Development Marcia Fudge said that student loan debt is tied to a decline in Black homeownership, and she and the Biden Administration are working on a plan to fix things.

[Inside Higher Ed](#) and [Higher Ed Dive](#) report that the U.S. Department of Education is planning to amend the regulations for Title IX of the Education Amendments of 1972 put into place under the Trump Administration and intends to release its proposed rule in May of 2022.

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