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DAILY BRIEFING

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U.S Department of Education News

General News

House Ways and Means Subcommittee Holds Hearing on Expanding Access to Higher Education

Yesterday, the House Ways and Means Subcommittee on Oversight held a hearing titled, "Expanding Access to Higher Education and the Promise It Holds." In his opening statement, Subcommittee Chairman Bill Pascrell (D-NJ) said that higher education helps Americans get good-paying jobs and is a gateway to the middle class. But for many students, especially those of color and from low-income families, significant barriers exist. He asked: "Are there better ways to use the tax code to enable students, especially low-income ones, to receive higher education?" Chairman Pascrell said that the federal government must offer more relief to those struggling to pay for education as well as understanding why the costs of college are outpacing other costs. In his opening statement, Ranking Member Mike Kelly (R-PA) said the answer to the current problems in higher education is not free college and wide-spread loan cancellation. Instead, federal policymakers need to support choice and flexibility.

In his testimony, Dr. Marshall Anthony Jr., Senior Policy Analyst for the Center for American Progress, discussed the importance of investing in community college and limiting student loan debt for all students. "I ask you today to reinvest in an equitable American dream by better supporting college students, limiting debt, and investing in community colleges and public four-year institutions, in order to build a higher education system that works for people from all walks of life," he said. In her testimony, Dr. Susan Whealler Johnston, President and Chief Executive Officer of the National Association of College and University Business Officers, thanked Congress for the COVID-19 pandemic assistance provided to colleges and universities through the Coronavirus Aid, Relief, and Economic Security Act and other relief packages. She recommended that Congress double the maximum award for the Pell Grant, maintain the tax exemption for municipal bonds, strengthen policies around charitable giving, end the taxability of scholarships and grant aid, and simplify, expand and improve tax credits. In his testimony, Dr. Steven Rose, President of Passaic County Community College, pointed out that community colleges were created to expand access to higher education. He said: "Many urban schools report that many students stopped attending remote classes at some point during the [past] year and many will not be graduating. In some cases, the school districts report that they have totally lost touch with these students. Most significantly, it appears that students who do plan to attend this fall are coming with greater academic deficiencies." In her testimony, Dr. Susan Dynarski, Professor of Public Policy, Education, and Economics at the University of Michigan, said that college has grown more unequal for many students. "Is our goal to ease the pinch of college costs for middle- and upper income families whose children attend expensive colleges?," she asked. "If so, then the tax incentives do a passable job. I give them a C-. But I think our goal is far more ambitious. I believe we want to open the doors of college to anyone who can benefit. If this is our goal, then the current tax incentives are a failure." She recommended that Congress create a simple, refundable tax credit that is delivered at the time of enrollment. In his testimony, Scott Pulsipher, President of Western Governors University (WGU), explained the benefits of the college's approach to higher education, which he described as "the nation's leading—and largest— nonprofit, online competency-based university." He recommended that Congress embrace a new framework of investment in human capital to enable skills based, market-aligned education. Mr. Pulsipher also advocated for short-duration, competency-based, earn-while-you-learn, on-the-job, and apprenticeship programs that can be expanded rapidly.

During the question-and-answer period of the hearing, Ranking Member Kelly asked Mr. Pulsipher how WGU has been able to keep its college costs down. Mr. Pulsipher replied that the college has no investment in buildings, allowing it to offer a low-cost higher education. Rep. Judy Chu (D-CA) expressed concern about the rise in graduate school debt. Dr. Anthony said graduate schools should be subjected to new federal regulations (similar to gainful employment) where they are prevented from creating student loan debt that cannot be paid off. Rep. Lloyd Doggett (D-TX) mentioned that, earlier in the week, he had introduced the "Tax-Free Pell Grants Act," which expands the usage of Pell Grants on a tax-free basis, improves coordination with the American Opportunity Tax Credit (AOTC), and ensures students do not lose out on any AOTC benefits. He said that the bipartisan legislation is co-sponsored by 50 members. Dr. Johnston pointed out that 725,000 students are adversely affected by the taxation of Pell Grants. Rep. Lloyd Smucker (R-PA) expressing concern that the cost of college has far outpaced inflation, and asked Mr. Pulsipher to discuss WGU's approach. Mr. Pulsipher said that the best way to keep college costs in check is to increase the focus on the student and leverage technology.

For additional coverage of the hearing, including an archived webcast, visit the committee website. For additional news coverage, see this article from *Inside Higher Ed*.

Federal Reserve Bank of Richmond Releases New Economic Brief on Income Drive Repayment Plans

Yesterday, the Federal Reserve Bank of Richmond released a new economic brief titled, Should More Student Loan Borrowers Use Income-Driven Repayment Plans?. According to the brief, the share of the U.S. population with a college degree is growing and so is the share of degree holders who took out federal student loans. Newer repayment options allow borrowers to adjust their payments based on their income, though more education on available options may help borrowers navigate the system and choose the repayment plan that works best for them. The brief examines why Income-Driven Repayment plans are not used more and what lessons federal policymakers can learn from other countries. It concludes by saying that several reforms to student loans and repayment are currently being considered and debated in the public domain, and federal policymakers are currently examining the following issues:

- Protection against income fluctuations for borrowers.
- Progressivity of loan repayment and forgiveness across the earnings spectrum.
- The extent to which taxpayers subsidize student loan repayment.

It also says that, if the goal is to reduce delinquency and default, then educating borrowers and reducing administrative burdens may be helpful. Such efforts could be especially critical in the coming months as COVID-19 emergency relief for student loan borrowers is set to expire on Sept. 30, at which time borrowers will be required to resume payments.

Pew Charitable Trusts Releases Report on Effects of Pandemic on Student Loan Repayment

Earlier this week, Pew Charitable Trusts released a paper titled, How Will Student Loan Borrowers Fare After the Pandemic. According to the report, federal policymakers acted swiftly last year to help student loan borrowers after the onset of the COVID-19 pandemic and subsequent economic downturn by pausing most required payments through at least September 2021. While much of the recent student loan policy discussion has focused on short-term issues, such as borrowers' abilities to make payments during a public health emergency, what happened after the Great Recession suggests that repayment challenges could linger or accelerate after the pandemic ends. The report says that, like the Great Recession, current enrollment trends have seen an increase in students attending for-profit colleges that could foreshadow future loan repayment challenges as those who attend the schools have historically borrowed at higher rates and had higher levels of default. In addition, while the economy has recovered, it is likely to have a disparate economic impact on younger workers, workers without a bachelor's degree, Black workers, and Hispanic workers.

2U and edX Join Together in Effort to Dramatically Expand Online Learning

Yesterday, 2U and edX announced that they had joined together to help "power the digital transformation of higher education, expand access and affordability, and usher in a new era of online learning." According to the announcement, 2U will acquire substantially all of edX's assets for $800 million in cash and the company will expand online learning that will reach more than 50 million students and offer more than 3,500 digital programs. For additional coverage, see these articles from *Inside Higher Ed*, *Higher Ed Dive*, and *The Chronicle of Higher Education*.

Student Loan Hero Releases Report on Black College Graduate Debt and Earnings

Student Loan Hero recently released a report that found that Black degree holders and their families borrowed 35 percent more, on average, in the 2015-2016 academic year (the latest available data, but earned 22 percent less than their non-Black peers. The report included the following key findings:

- Black students borrowed more in student loans than their fellow students. At four-year public schools, Black students and their families borrowed 35 percent more, on average, in the 2015-2016 academic year. Non-Black families contributed an average of $14,434 to their student's education, more than double the $5,545 Black families contributed to their children's education.
- The earnings gap for recent graduates widened in more than half of U.S. states. From 2014 to 2019, the earnings gap for recent graduates ages 25 to 29 widened in 28 states and the District of Columbia. The gap widened by more than 29 percentage points in Vermont, most of any state.
- The worst wage gap for Black millennials was in Montana, where Black bachelor's degree graduates working full time earn 50.3 percent less on average than non-Black workers. The $22,466 average income for Black bachelor's degree-holders in Montana falls significantly short of the $44,632 those other graduates take home.

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:

- Federal Stafford, Federal PLUS, Federal SLS, and Federal Consolidation Interest Rate Calculations for the Period July 1, 2021 – June 30, 2022 (Updated June 29, 2021)

General News

Forbes reports that, at a Brookings Institution event held on Monday, Senate Majority Leader Chuck Schumer (D-NY) renewed his plea to President Joe Biden to cancel $50,000 of student loans. But new research from the Wharton Business School and University of Chicago shows that student loan cancellation benefits mostly wealthy student loan borrowers.

CNBC reports that student loan bills are set to restart in October, but another extension of the payment pause is still possible.

Yahoo Finance examines the question – is college still the best route to a successful career?

Higher Ed Dive reports that colleges and universities are leveling up healthcare programs to meet growing demand. Some of the latest expansions have an eye toward interprofessional collaboration and short-term or accelerated offerings.

Click on the following date for a PDF version the NCHER Daily Briefing:
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