



DAILY BRIEFING

Tuesday, July 6, 2021

NCHER Daily Briefing to Publish on Abbreviated Schedule This Week

The *NCHER Daily Briefing* will publish on an abbreviated schedule consisting of today and Thursday while Congress is in recess for the Fourth of July holiday. We will resume our regular publishing schedule once Congress returns to legislative business on July 12, 2021

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- CFPB Releases New Complaint Bulletin, Details Student Loan Servicing Complaints
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NCHER Weekly Rundown

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](#).

Department of Education Releases Memo on FFELP Special Allowance Rates

Today, the U.S. Department of Education's Office of Federal Student Aid released a [Memo](#) calculating special allowance rates under the Federal Family Education Loan Program for

the quarter ended June 30, 2021. The memo includes the following information:

- **COMMERCIAL PAPER RATE:** The Commercial Paper rate is “the average of the bond equivalent rates of the quotes of the 3-month commercial paper (financial) rates in effect for each of the days in such quarter as reported by the Federal Reserve in Publication H-15 (or its successor) for such 3-month period.” For the quarter ending June 30, 2021, the average rate used to compute special allowance is 0.10 percent.
- **LIBOR RATE:** The LIBOR rate is “the average of the bond equivalent rates of the quotes of the 1-month London InterBank Offered Rate (LIBOR) in effect for each of the days in such quarter as compiled and released by the British Bankers Association.” For the quarter ending June 30, 2021, the average rate used to compute special allowance is 0.10 percent.
- **TREASURY BILL RATE:** The Treasury Bill rate is “the average of the bond equivalent rates of the 13-week Treasury bills as published by the Department of the Treasury.” For the quarter ending June 30, 2021, the average of the rates is 0.02%.

CFPB Releases New Complaint Bulletin, Details Student Loan Servicing Complaints

Last Thursday, the Consumer Financial Protection Bureau released the recent edition of its [Complaint Bulletin](#), which addresses several areas of concern related to relief provided in response to the COVID-19 pandemic such as confusion about economic impact payments and evictions. Of interest to the NCHER members, the bulletin includes a detailed section on student loan servicing. While the bulletin acknowledges that monthly student loan complaints are down by around 60 percent, it says that the Bureau received complaints from student and parent borrowers on the following:

- Confusion about whether relief was available to them.
- Difficulty in communicating with student loan servicers to discuss relief options.
- Questions about drops in credit scores because of the way their servicer furnished loan information to consumer reporting agencies.
- Difficulties interacting with their servicers about the Public Service Loan Forgiveness program. The report says some borrowers reported that their servicers did not respond to questions related to their applications or annual employment certification forms. The Bureau notes that, in response to these complaints, servicers typically informed borrowers that they subsequently reviewed and

approved their applications or provided an explanation as to why the application was not approved along with relevant loan account history.

- Delays, sometimes lasting weeks, to get answers to questions about account status and difficulties in reaching customer service to fix payment application issues.

“[T]hese breakdowns in customer service and responses to complaints are concerning because they raise questions as to whether servicers are adequately prepared to handle consumers’ concerns when millions of borrowers resume repayment,” the bulletin says. The Bureau suggests that “servicers may need to consider what communications are appropriate to alert borrowers of the date that payments will resume, especially those borrowers who are enrolled in auto-debit payments.” For additional information, see the Bureau’s [press release](#).

NSLDN Report Criticizes Department of Education on Collecting Debt from Student Borrowers v. Institutions

The National Student Legal Defense Network (NSLDN) recently released a [report](#) that highlights how the U.S. Department of Education seeks to collect debt from student borrowers in comparison to how it collects debt from institutions of higher education. The report says that the organization “uncovered gross inequities in how the Department pursues debts and protects the federal fiscal interest.” While the Department aggressively attempts to collect debts from student loan borrowers, institutions of higher education and their owners and executives walked away from more than a billion dollars owed to taxpayers. The report says that the Department’s use of preventative measures to protect taxpayer interests, such as enhanced financial monitoring and requiring institutions to post sureties to guard against losses, have proven ineffective at preventing harm to students and taxpayers alike. The report says that NSLDN uncovered the following:

- As of February 2021, the Department lists approximately \$1.2 billion in debt owed to the agency by nearly 1,300 institutions of higher education.
- Of schools currently owing any debt to the Department, only 4 percent (approximately \$50 million) of that debt has been repaid. It says the \$1.2 billion in debt appears underinclusive by at least \$385 million.
- The largest outstanding debt is owed by the now-defunct Vatterott College. On December 8, 2020, the Department assessed Vatterott \$244,350,339.80, presumably related to the school’s 2018 closure.

- Of those colleges and universities with outstanding debt to the Department, approximately 200 institutions continue to participate in the Title IV programs.
- The Department does not appear to systematically use letters of credit it holds to satisfy liabilities.
- The Department has recertified institutions for continued participation in the federal student aid programs even when those institutions owe substantial debts to the government.
- The Department's inaction has cost at least \$218 million because the statute of limitations on collections has expired.
- Requiring "heightened cash monitoring" of financially troubled institutions does not adequately protect taxpayer interests.

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

CBO Releases Update to the Budget and Economic Outlook

Last week, the Congressional Budget Office (CBO) released a [report](#) that updates the agency's most recent budget and economic projections, which are based on those laws in effect as of May 18, 2021. According to CBO's budget projections, the federal budget deficit for fiscal year 2021 is projected to be \$3.0 trillion, nearly \$130 billion less than the deficit recorded in 2020, but triple the shortfall recorded in 2019. Relative to the size of the economy, this year's deficit is projected to total 13.4 percent of gross domestic product (GDP), making it the second largest since 1945, exceeded only by the 14.9 percent shortfall recorded last year. The economic disruption caused by the coronavirus pandemic and legislation enacted in response continue to weigh heavily on the deficit (which was already large by historical standards before the pandemic). However, CBO says that it anticipates the deficit declining to about 3 percent of GDP in 2023 and 2024 as the nation's economic recovers before increasing again, reaching 5.5 percent in 2031.

U.S. Department of Education News

For today's *Federal Register*, click [here](#).

The following announcement was posted to the Information for Financial Aid Professionals website:

- [Guidance and Operational Information for TEACH Grant Regulatory Changes Effective July 1, 2021 \(EA ID: GRANTS-21-06\)](#)

Member News



The Kentucky Higher Education Assistance Authority (KHEAA) released its [Financial Aid Tip for Students – July 2012](#), which urged high school seniors to keep a close eye on deadlines when applying for college financial aid. Gov. Andy Beshear stated, “Our administration puts education first

because it’s one of the most important investments a student can make in their future. It’s important to take full advantage of any scholarship or grant opportunity that can help pay for technical training and college and staying on top of deadlines will help you earn more in free student aid so you won’t have to depend as much on student loans.” KHEAA also released its [Money Tip for Students – July 2021](#) that says, when a student gets his or her first job, it is important that they learn early on how to read and understand their pay stub.

General News

[Inside Higher Ed](#) includes an interview with a community college system leader and higher education policy expert discussing the pros and cons of expanding the Pell Grant program to include eight-week vocational programs.

[Higher Ed Dive](#) reports that a bill signed last week by Florida Gov. Ron DeSantis seeks to protect public and private colleges from lawsuits seeking refunds if they moved instruction online or limited on-campus activities during the COVID-19 pandemic.

[University Business](#) provides a state-by-state list of higher education institutions mandating vaccination for the fall 2021-22 semester.

[CNBC](#) reports on three ways that student loan debt impacts the nation’s economy.

[Forbes](#) reports that President Joe Biden has not acted to provide broad federal student loan forgiveness to student and parent borrowers. But that does not mean the idea is dead.

Massachusetts Attorney General Maura Healey recently [announced](#) Ashford University,

a former online proprietary school, will pay nearly \$300,000 to settle allegations that it unfairly imposed excessive technology fees on students and failed to make proper disclosures.

[Money](#) reports on investments versus student debt and where to put extra cash.

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