



DAILY BRIEFING

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House Appropriations Committee Releases Report for Labor, HHS, Education Appropriations Act

Today, the House Appropriations Committee released the text of the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act for Fiscal Year 2022 and the accompanying draft report that will be tomorrow, July 15th, at 10:00 am ET. The text of the bill can be found [here](#). The text of the draft report can be found [here](#). The following items of interest to the NCHER membership are included in the committee report:

State and Nonprofit Subcontracting. The Committee believes that State and nonprofit organizations can assist Federal student loan servicers in providing important services to struggling borrowers who need access to more specialized support services throughout their postsecondary education to help them understand their financial decisions and act as advocates to help struggling borrowers understand the student loan repayment process and options that may be available to them to help mitigate delinquencies and defaults. The Committee urges the Department to explore incentives for Federal student loan servicers to subcontract with qualified State and nonprofit organizations as well as small businesses.

Next Generation Servicing Environment. In 2017, the Department initiated the Next Generation Processing and Servicing Environment (Next Gen). Since that time, Congress has provided significant resources for Student Aid Administration activities, including the development and implementation of Next Gen. Given these resources, the Committee remains concerned with the current state of student loan servicing. The recommendation continues to include bill language requiring FSA to submit a detailed spend plan of anticipated uses.

Transparency in College Costs. The Committee notes the persistent lack of transparency around the costs of college and its detrimental impact on the ability of individuals and families to make informed financial decisions around higher education. Therefore, the Committee urges the Department to work with institutions of higher education to improve college cost transparency, and requests a briefing on these efforts no later than 120 days after enactment of this Act.

FAFSA Tax Data Retrieval Tool for the U.S. Territories. The Committee notes that students or parents who file a Puerto Rico or other U.S. territory tax return are currently unable to use the IRS Data Retrieval Tool to complete the Free Application for Federal Student Aid (FAFSA) form. Instead, they must enter their tax return information manually. The Committee is interested in simplifying the FAFSA process for applicants in Puerto Rico and the other U.S. territories, in the same manner available to Internal Revenue Service (IRS) tax filers residing in the 50 States and the District of Columbia. The Committee therefore encourages the Department of Education to work with the IRS and the tax authorities of the five U.S. territories to explore options that would allow applicants in these jurisdictions to import their tax income information directly into the FAFSA form, including the feasibility of utilizing the existing IRS Data Retrieval Tool or a similar mechanism.

COVID-19 Impacts to PSLF. The Committee directs the Department to include an update in the fiscal year 2023 Congressional Budget Justification on how COVID-19 has impacted the PSLF program and how the Department of Education is addressing concerns of COVID-19's impact, if any, on an applicant's ability to apply and qualify for PSLF.

Pandemic Related Resources in Higher Education. The Committee is concerned with student challenges accessing mental health services and academic or career counseling services before and during the COVID-19 pandemic and the effect of this problem on student retention and performance in higher education programs. The Committee directs ED and SAMHSA to provide technical assistance to state governments and higher education institutions on the use of existing federal funds and model programs to retain high-risk students or reach students who dropped out during the COVID-19 pandemic.

Impediments to First Generation Students Graduating. First generation students comprise nearly a third of all college students, yet 33 percent of first generation students drop out of college by the three year mark. Given the Department's vested interest in ensuring successful outcomes for first generation students, the Committee directs the Department to include an update in its fiscal year 2023 Congressional Budget Justification on barriers to first generation college students success and contributing factors that lead to first generation students not graduating from college or university.

Senate Democrats Release Details of \$3.5 Trillion Budget Resolution, Includes Reconciliation Instructions to Fulfill Biden's Agenda

Last night, Senate Budget Committee Democrats and Senate Majority Leader Chuck Schumer (D-NY) announced that they had reached an agreement on a top line budget number of \$3.5 trillion for their forthcoming budget resolution for Fiscal Year 2022, which is expected to include budget reconciliation instructions to both Senate and House committees to fulfill portions of President Joe Biden's legislative agenda. In talking to reporters, Leader Schumer said that the budget package, coupled with the bipartisan infrastructure legislation currently being negotiated amongst members, comes "very, very close" to what the President asked for when he laid out his American Families Plan. Sen. Tim Kaine (D-VA), a member of the Senate Budget Committee, said that the next step is ensuring all 50 Democratic senators can support the \$3.5 trillion figure. The budget resolution will require unanimous Democratic support to make it through the upper chamber and officially kick off the budget reconciliation process. Today, President

Biden is expected to attend lunch with Senate Democrats to talk through the proposals. For more coverage, see this article from [Politico](#).

Sens. Warren and Markey Send New Letter to White House, Release Loan Servicers Responses, on Resuming Payments

Sens. Elizabeth Warren (D-MA) and Ed Markey (D-MA) recently sent a [letter](#) to President Joe Biden urging him to extend the student loan repayment and collections pause currently in place until at least the end of March 2022. The letter follows the senators' release of [responses received from federal student loan servicers](#) as part of an inquiry into the U.S. Department of Education's preparations for resuming student loan payments when the COVID-19 pandemic relief expires this fall. The letter stated that the responses from servicers reflect what the industry has reported for months: federal servicers need more clarity and direction from Federal Student Aid (FSA) on how and when to begin the task of restarting monthly student loan payments for tens of millions of borrowers. Federal servicers also told Sens. Warren and Markey that they need more time to make sure they are adequately staffed up to handle the influx of inquiries from borrowers as payments resume, and the servicers said they are waiting on guidance from FSA before they begin contacting borrowers. For more coverage, see this article from [CNBC](#).

House Financial Services Committee Holds Hearing on Monetary Policy, Fed Chair Faces Questions About Rising Inflation

Today, the House Financial Services Committee held a hearing titled, "Monetary Policy and the State of the Economy." The sole witness was The Honorable Jerome Powell, Chairman of the Board of Governors of the Federal Reserve System. The committee's Democratic staff prepared a background memorandum that can be found [here](#).

In her [opening statement](#), Chairwoman Maxine Waters (D-CA) credited the leadership of the Biden Administration with the nation's economy's strength, but said that full recovery will not occur until racial gaps close. "The COVID-19 pandemic disrupted life for all of us and shifted the way we think about the economy," the Chairwoman said. "We see this in the huge number of women and people of color who left the workplace. We see this in a generation of young people weighed down by student loan debt. And we see this in the surprising percentage of workers who have quit their jobs even as the unemployment

rate remains elevated. We are in a moment of transformation that requires a fresh approach and investments that will close the racial wealth and income gaps, address climate change and our child care crisis, and, finally, end homelessness.” She said that the Federal Reserve must play a role in the economic transformation. In his [opening statement](#), Ranking Member Patrick McHenry (R-NC) expressed his support for the job of Chairman Powell. “There is a great deal of uncertainty right now,” the Ranking Member said. “What I am certain of is this—you have earned and deserve another term as Chair of the Federal Reserve. You have proven to be a steady hand through the pandemic, our ongoing recovery, you have defended the independence of the Fed.” Ranking Member McHenry also said that America has a jobs problem with many companies struggling to find enough workers and the federal spending passed by Congress will not help fix the economy: “The \$2 trillion COVID package that passed in March wasn’t enough spending for [Democrats]. So now we’re hearing that Senate Democrats want as much as 3.5 trillion in new spending and increase taxes on businesses of all sizes to help 'pay' for it. None of this is sustainable. This spend-first-ask-questions-later approach to fixing our economy will not work.”

In his [prepared statement](#), Chairman Powell talked about the Fed’s Semiannual Monetary Policy Report that can be found [here](#). He said that, while this year real gross domestic product appears to be on track to post the fastest growth in decades, the unemployment rate remains elevated at 5.9 percent. He said this figure understates the actual shortfall in employment because of the low labor market participation. Chairman Powell also said that “inflation has increased notably and will likely remain elevated in coming months before moderating.” On monetary policy, the Chairman stated that the Federal Open Market Committee (FOMC) expects to maintain the current target range for federal funds until maximum employment is reached. He said inflation can moderately exceed 2 percent for some time, but he was less definitive on the maintaining the Fed’s policy on asset purchases, saying the FOMC will continue to discuss the topic and provide advance notice before making changes.

During the question-and-answer portion of the hearing, Chairwoman Waters asked Chairman Powell to comment on housing policy. Chairman Powell said housing prices are moving up at a high rate and entry-level buyers are facing difficulties. He said rising homelessness points out the unevenness of the recovery. Ranking Member McHenry asked about a federal digital currency, to which Chairman Powell said a Fed study on the subject will be published in September 2021. Rep. Carolyn Maloney (D-NY) asked when the Fed will begin to reduce asset purchases. Chairman Powell said there is no specific number for determining when the economy will have made “substantial further progress.” Many committee members raised questions about inflationary expectations. Chairman

Powell told Rep. Ann Wagner (R-MO) that the Fed is monitoring the situation carefully. Chairman Powell told Rep. Madeleine Dean (D-PA) that the Fed should not reset policy based on one-time price increases. Ms. Dean recommended that the Fed work with more than just the three credit reporting agencies. Rep. Alma Adams (D-NC) asked about the number of unemployed workers, to which Chairman Powell said to come back in six months, suggesting that a lot more people will be back at work then. Rep. Bill Huizenga (R-MI) mentioned that he is hearing that the Secured Overnight Financing Rate or SOFR will not work for some financial institutions working to transition away from the London Inter-Bank Offered Rate (LIBOR) to which Chairman Powell said adoption of SOFR is not mandatory. Rep. Brad Sherman (D-CA), the sponsor of legislation on LIBOR transition likely to be taken up soon by the House, said it is not the role of the federal Government to impose SOFR on the financial services industry.

For additional coverage of the hearing, including an archived webcast, visit the [committee website](#).

NASFAA and NASPA Release New Report Evaluating CARES Act Funding for Postsecondary Institutions

The National Association of Student Financial Aid Administrators (NASFAA) and Student Affairs Administrators in Higher Education (NASPA) recently released a [report](#) outlining their evaluation of funds received under the Coronavirus Aid, Relief, and Economic Security or CARES Act and how they affected students. NASFAA and NASPA surveyed college and university administrators and conducted administrator and student focus groups to answer the following research questions:

- What were the successes and challenges related to the allocation, application, and distribution of CARES Act funds to institutions, including timing, communication, and processes?
- Which essential roles and functions are needed to award and disburse the emergency aid at the institutional level, and what patterns emerged in the strategies that institutions used to distribute their CARES Act and subsequent emergency aid funds?
- What measures did colleges take to ensure they allocated money and resources quickly and equitably, and which strategies were deemed most effective in ensuring students who most needed the funds received them?
- How did institutions commonly allocate CARES Act emergency grants to meet their institutional needs and support their institutional goals?

- How did students use the funds they received? Did students report feeling these funds helped them continue their education, and/or did they identify additional needs?

The report listed the following considerations for Congress if additional emergency aid is allocated for students: (1) Base the allocation formula on student headcount enrollment that includes distance education students; (2) Use the grants.gov website for requesting funds and the G5 system for disbursing emergency grant funds to institutions, and ensure funds are distributed to institutions promptly; (3) Make Congressional intent clear while keeping allowable uses of funds broad; (4) Improve Department of Education guidance and training and deliver both promptly; (5) Make reporting requirements clear; (6) Exempt emergency aid from estimated financial aid; and (7) Continue to develop emergency aid programs outside the confines of Title IV programs. The report also recommended the following in the context of future emergency aid allocations by Congress: (1) Improve communication and clarity for students; (2) Institutions should do an ongoing assessment of their efforts to provide emergency aid to students and continue refining the process as they proceed; (3) Ensure equity is a guiding principle; (4) Deliver timely responses to requests for emergency aid and timely payments to students; and (5) Ensure that eligible emergency aid expenses remain broad as students may have varied needs.

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:

- [Changes to 2021-2022 Verification Requirements](#)

General News

[Inside Higher Ed](#) and [Higher Ed Dive](#) report that President Joe Biden's pick to lead the Office for Civil Rights at the U.S. Department of Education, Catherine Lhamon, maintained her strong opinions of current Title IX regulations during her confirmation hearing before the Senate Health, Education, Labor, and Pensions Committee on Tuesday, even as Republican senators criticized her previous tenure at the agency.

[Inside Higher Ed](#) and [The Chronicle of Higher Education](#) report that the U.S. Department of Education is temporarily changing its federal student aid verification process to focus

only on identity theft and fraud for the 2021-22 application cycle. The change is intended to help alleviate challenges students face in accessing financial aid and boost enrollment numbers for students of color and students from low-income backgrounds.

[University Business](#) provides further coverage on the efforts of leading organizations across higher education to advocate for the doubling of Pell Grants by June of 2022. The groups have created a new website dedicated to the cause.

[Fairfield Citizen](#) reports Maine is going to study the burden that student loan debt has on college graduates in the state. Maine Gov. Janet Mills has signed a bill designed to study the impact of the debt.

[The Hill](#) includes an op-ed by KIPP Foundation Director of Policy and Advocacy Adzua Agyapon who argues that forgiving student loans to help struggling students is not enough – Congress must double Pell Grants.

[Business Insider](#) reports that the resumption of student loan payments on October 1 is quickly approaching as borrowers, lawmakers, and advocates continue to sound the alarm on the risks with restarting payments too early.

[Pennsylvanian News Today](#) reports that comparing the value of a four-year degree with other qualifications (high school diploma, certificate program, and associate degree), workers still have an advantage in the labor market and on average increase their lifetime income.

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