NCHER

DAILY BRIEFING

Thursday, July 15, 2021

In Today's Edition

House Appropriations Committee Approves FY 2022 Labor, HHS, Education Appropriations Act, Includes AMF Extension

Today, the House Appropriations Committee met in executive session and approved the Fiscal Year (FY) 2022 Labor, Health and Human Services, Education, and Related Agencies Appropriations Act by a party-line vote of 33-25. The legislation is expected to be included in an omnibus appropriations package and moved to the floor of the U.S. House of Representatives within two weeks.

In her opening statement, Chairwoman Rosa DeLauro (D-CT) said that, over the past five months the committee held approximately 14 hearings and a public roundtable to examine the important issues that could be funded through the U.S. Department of Labor, U.S. Department of Health and Human Services, and U.S. Department of Education. It was found, she noted, that the public health infrastructure was ill-supplied and not prepared to meet the needs of the COVID-19 pandemic. Chairwoman DeLauro said that she proud that the bill provides $253.8 billion in overall funding, which is an increase of 28 percent from last year. She said the bill provides federal support for institutions of higher education, including a $400 increase in the maximum award for Pell Grants; $1.13 billion for programs serving Historically Black Colleges and Universities and minority serving institutions, and $100 million for the strengthening community colleges grant program. In her **opening statement**, Ranking Member Kay Granger (R-TX) criticized the bill, saying that it includes an unprecedented increase in funding that is nearly 40 percent more than last year. "This is simply too high, especially when many programs in this bill have already received billions of dollars over the past year from COVID spending bills," Ranking Member Granger said. She said, however, that the price tag is not the only problem as the legislation includes several policy provisions around abortion coverage that are strongly opposed by Republicans. Following opening statements, the committee approved a Manager's amendment offered by Chairwoman DeLauro and Ranking Member Cole to make technical corrections and include several noncontroversial matters in the committee report. The amendment passed by voice vote. There were no higher education-related amendments offered to the bill.

As previously reported, key education provisions included in the legislation that may be of interest to the NCHER membership include the following:

- The bill provides $102.8 billion in discretionary funding for the Department of Education, which is $29.3 billion above last year's level and the same as the President's budget request. The legislation provides $27.2 billion for federal student aid programs, an increase of $2.64 billion above the FY 2021 enacted level and $358 million below the budget request.
- The legislation sets the maximum Pell Grant award at $6,895, an increase of $400 over the 2021 enacted level, funded by a combination of discretionary and mandatory funds.
- The bill provides $1.03 billion for the Federal Supplemental Educational Opportunity Grant program, an increase of $148 million above the 2021 enacted level, and $1.43 billion for Federal Work Study, an increase of $244 million above the 2021 enacted level and the President's request.
- The legislation provides $1.3 billion for TRIO Programs and $408 million for GEAR UP, which help first-generation college students prepare for, enter, and complete

college. TRIO programs are increased by $200.8 million and GEAR UP programs will see an increase of $40 million.

- The bill extends the authority for account maintenance fees paid to guaranty agencies for an additional year.
- The legislation provides $2.05 billion for federal student aid administrative expenses. It includes legislative language requiring the Secretary of Education to allocate new borrower accounts to student loan servicers on the basis of their past performance, utilizing established common metrics, and on the basis of the capacity of each servicer to process new and existing accounts and compliance with federal and state law. The language allows borrowers who are consolidating federal student loans to select from any student loan servicer to service their new consolidated student loan, and prohibits the funding for any contract solicitation for a new federal student loan servicing environment, including the Next Generation Processing and Servicing Environment, unless it provides for the participation of multiple student loan servicers that contract directly with the Department. It also includes language stating that NextGen must include accountability measures that account for the performance of portfolio and contractor compliance with Federal Student Aid (FSA) guidelines and that the Department should re-allocate accounts from servicers for recurring non-compliance with FSA guidelines, contractual requirements, and federal and state law. It also requires servicers to be evaluated on their ability to meet contractual requirements, future performance on the contracts, and history of compliance with consumer protection laws, including federal and state laws, and that the new servicing environment should incentivize more support to borrowers at risk of delinquency or default. Finally, the language requires the Department to ensure that its contractors have the capacity to meet and are held accountable for performance on service levels, requires contractors to have relevant experience and demonstrated effectiveness, requires the Secretary to provide quarterly briefings to Congress on general progress related to solicitations for federal student loan servicing contracts, and requires the Department to publish aggregate data on student loan and servicer performance and a detailed strategic and spend plan for NextGen.
- The bill includes funding for an open textbook pilot program, modeling and simulation at high-quality institutions of higher education, and a Basic Needs Grants pilot program to provide assistance to postsecondary education.
- The legislation modifies the 90/10 rule to increase the percentage of non-federal funds that proprietary colleges must receive to 15 percent (making it an 85/15 rule).

- The bill amends the Higher Education Act to expand eligibility for federal student aid to included Deferred Action for Childhood Arrivals or DACA participants and those who have received temporary protected status under the Immigration and Nationality Act.

For a copy of a press release by the House Appropriations Committee, including a summary of the bill, click **here**. For more coverage, including an archived webcast of the markup, visit the **committee website**.

House and Senate Democrats Send Letter to Education Secretary Cardona on Collections Practices

Yesterday, a group of progressive lawmakers, led by Sen. Elizabeth Warren (D-MA) and Rep. Ayanna Pressley (D-MA), sent a **letter** to Education Secretary Miguel Cardona requesting information pertaining to the U.S. Department of Education's collection practices and how the Department plans to begin the collections process when the COVID-19 pause ends later this year. The letter states that, even before the pandemic, "collections on defaulted student loans were catastrophic for borrowers in default, who saw their wages, tax refunds, and even Social Security checks confiscated, in addition to being force to pay exorbitant fees." The letter says that the Coronavirus Aid, Relief, and Economic Security or CARES Act established relief for these borrowers by suspending payment and stopping debt collections on defaulted loans. The letter expresses concern over how the Department will manage debt collections on defaulted loans when the resumption of payments resume on October 1, 2021. It concludes by asking several questions, including the following: How many borrowers had their wages garnished, broken down by private collection agency; How many borrowers had a Treasury offset; How many borrowers have been default for more than 10 years; How many borrowers in default fall below 150 percent of the federal poverty line; How many borrowers have successfully rehabilitated their loans; What was the total amount of commission paid to private collection agencies, broken down by agency; and What preparations has the Department made to prevent borrowers who rehabilitate their loans during the COVID-19 payment pause from re-entering default when payments resume. It asks the Department to supply the information by July 28, 2021.

ARRC Announces Symposium on the Transition to SOFR

Today, the Alternative Reference Rates Committee (ARRC) announced that it will hold the fourth in a series of symposiums covering key issues in the transition away from the London Inter-Bank Offered Rate or LIBOR to the Secured Overnight Financing Rate or

SOFR. The next symposium will be live as a webinar at 10:00 a.m. EDT on Wednesday, July 21, 2021; you can register **here**. According to the announcement, the event will include an update on the SOFR First Initiative that is being led by the Commodity Futures Trading Commission Market Risk Advisory Committee's Interest Rate Benchmark Reform Subcommittee, which will be followed by a discussion about the ARRC's continued progress towards formally recommending the SOFR Term Rates.

Federal Reserve Beige Book Confirms Economy Continues to Strengthen

Yesterday, the Federal Reserve released the current edition of its **Beige Book** covering the period from late May to early July. The Beige Book is a Federal Reserve System publication about current economic conditions across the 12 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 nation's economy strengthened during the reporting period, displaying moderate to robust growth. Transportation, travel and tourism, manufacturing, and nonfinancial services experienced above average growth. The report found that, during the two-month-period, "supply-side disruptions became more widespread, including shortages of materials and labor, delivery delays, and low inventories of many consumer goods." Demand for labor was strong and wages increased at a moderate pace on average, particularly for low-wage workers. Seven of the Districts reported strong price growth while the rest of the Districts saw moderate gains. Pricing pressure was more acute in the hospitality sector.

Education Reform Now Releases Report Questioning VA Higher Education System

Today, Education Reform Now released a **report** criticizing Virginia's higher education finance system on affordability and equity grounds. The report claimed that the commonwealth boasts some of the highest public college tuition and fees in the country and skyrocketing student loan debt, especially for students from lower-income backgrounds and students who identify as racial minorities, while funneling tens of millions to well-off families and dubious private colleges.
The report identifies four main drivers for inequities:

1. Virginia lacks a transparent and consistent funding formula linked to institution need, access, affordability, and success. The report identified that George Mason serves more than twice as many students receiving Pell Grants as the University of

Virginia (UVA), yet receives a third of state appropriations per full time equivalent student.

2. The commonwealth misdirects financial aid. The Virginia Tuition Assistance Grant Program (VTAG) is non-need and non-academic merit-based meaning that it is directing roughly $10 million in funding each year to Virginia students who neither have a demonstrated financial need nor indication of heighted academic merit. The report said that Liberty University takes in $17 million a year in VTAG funds despite a 17 percent Black student graduation rate.
3. Virginia has divested from public higher education. The report says that Christopher Newport University has the second highest average net price of any public, four-year college in the nation. UVA has the fifth highest in-state tuition and fees among public flagships. Additionally, Virginia ranks 44th in the nation in state funding for community colleges per full time equivalent student.
4. A rising percentage of Virginia's postsecondary graduates leave with student loan debt, with 90 percent of students attending the two public Historically Black Colleges and Universities graduating with debt, half of whom owe upwards of $40,000.

"As President Biden tackles college affordability and colleges that rip-off students and taxpayers, this report should be a wake-up call for Virginia's elected leaders to do the same," says Michael Dannenberg, a co-author and Vice President for Strategic Initiatives and Higher Education at Education Reform Now. "Students and colleges that need the most should get the most. Enough of the behind closed-door decisions that make the affluent more affluent."

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:

- [**OUTAGE ALERT – IRS DRT Outages on July 25 and Aug. 1, 2021 (EA ID: GENERAL-21-43)**](#)

General News

[***Bankrate***](#) reports on the importance of making student loan payments - the short- and long-term consequences can be tough to recover from for many student and parent borrowers.

Forbes includes an article examining the seven benefits to know about 529 College Savings Plans.

The Chronicle of Higher Education reports that a small liberal-arts college in Michigan has announced plans to go tuition-free, in the hope that students will “pay it forward” after graduation. Hope College is launching a pilot program it calls “Hope Forward” this fall providing endowed, full-tuition scholarships to 22 incoming freshmen with a plan to expand it to the entire student body over time.

MarketWatch reports that student loan refinance rates are starting at less than 2 percent. But here are five questions to ask before refinancing.

Fox Business examines how to find a private student loan without a cosigner.

Yahoo reports that two bipartisan bills (one in the U.S. House of Representatives, and another in the U.S. Senate) being considered will change retirement for the better and could be game changers for families burdened with student loan debt. The bills include a provision that would allow employers to make contributions to retirement plans (similar to 401(k) plans) on behalf of those who are paying off student loans instead of saving for retirement.

Inside Higher Ed and ***Higher Ed Dive*** report that, in the face of enormous public opposition, the Pennsylvania State System of Higher Education Board of Governors recently voted to consolidate six system universities into two university systems. The 14-university system will move ahead with a multi-year consolidation process despite months of public outcry about the plans.

Diverse Issues in Higher Education reports that new research from Georgetown University’s Center on Education and the Workforce reveals there is “no strong evidence” to support claims that Asian American applicants who apply to selective institutions are routinely discriminated against during the admissions process.

Daily Briefing Section of the NCHER e-Library.

National Council of Higher Education Resources
1050 Connecticut Ave NW #65793
Washington, DC 20035

Phone: **(202) 822-2106**
Fax: (202) 822-2142