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## Senate Judiciary Committee Announces Hearing on Student Loan Bankruptcy

Today, the Senate Judiciary Committee, led by Chairman Dick Durbin (D-IL) announced that it will hold a hearing titled, “student Loan Bankruptcy Reform,” at 10:00 a.m., ET on Tuesday, August 3, 2021. Witnesses will be announced at a later date. The hearing will be

livestreamed on the [committee website](#). For more coverage of the hearing, including comments from Chairman Durbin who has sponsored legislation allowing student and parent borrowers to discharge both their federal and private student loans in bankruptcy, see this article from [The Washington Post](#).

## House Speaker Pelosi Says President Lacks Executive Authority to Forgive Student Loans, While Senate Majority Leader Schumer Gives Speech on Senate Floor Urging President to Extend the Pause on Federal Student Loan Payments

Today, House Speaker Nancy Pelosi (D-CA) told reporters that she does not believe that the President has executive authority to provide student loan forgiveness, contradicting efforts of Senate Majority Leader Chuck Schumer (D-NY), Sen. Elizabeth Warren (D-MA), and other progressives to convince President Joe Biden to unilaterally cancel large amounts of student loan debt. The differing views from the House and Senate Democratic leadership demonstrates a growing rift in the Democratic party over the issue.

In her most sweeping comments on the student loan debt issue, Speaker Pelosi said that executive action is not available to the Biden Administration. “The President can’t do it, so that’s not even a discussion,” she said. “Not everybody realizes that, but the President can only postpone, delay but not forgive” student loans. It would take an act of Congress, not an executive order, to cancel student loan debt, she said. The Speaker said that it was up for discussion how lawmakers should structure any student debt cancellation program, describing the policy debate as a question of whether to provide relief to “more people with even less debt or fewer people with more debt.”

In comments, Speaker Pelosi also questioned the wisdom and fairness of student loan forgiveness, which has been a major priority for the left in recent years. “Suppose ... your child just decided they, at this time, [do] not want to go to college but you’re paying taxes to forgive somebody else’s obligations,” Speaker Pelosi said during a press conference. “You may not be happy about that.” But she also raised concerns about the fairness of student loan debt cancellation. She cited the example of a family without a child in college having to pay taxes “to forgive somebody else’s obligations.” Canceling student loan debt, the Speaker Pelosi said, “has to be viewed in a fair way where we have something that gives opportunity – that’s the big word, opportunity – to all of America’s families.”

Following the Speaker's comments, progressives who back widespread debt cancellation shot back. "Suppose your child did not want to go fight countless and endless shadow wars across the globe, at this time, but you're paying taxes to fund all of that," Rep. Rashid Tlaib (D-MI) said on Twitter. "You may not be happy about it!"

The Speaker's remarks stood in sharp contrast to the pressure campaign that Leader Schumer, and Sen. Warren have been organizing for months to persuade President Biden to forgive the debt for millions of loan borrowers. They have been leading the calls to cancel as much as \$50,000 of federal student loan debt. On Tuesday, Leader Schumer — who wore a face covering emblazoned with "#CancelStudentDebt" around the Capitol — said he believed they were making progress in convincing the Biden Administration to act. He said that White House concerns about the legality of forgiving student loan debt had largely gone away. "We don't hear much of that anymore," he said.

The White House has said it is reviewing whether it has the legal powers to cancel student loan debt through executive action. In January, Trump Administration officials at the U.S. Department of Education issued a legal opinion that concluded the agency lacks the power to cancel large swaths of student loan debt without legislation. While the Biden Administration is not bound to follow that legal opinion, it has not publicly rescinded or changed the memo, which remains posted on the Department's website.

Separately, Senate Majority Leader Chuck Schumer (D-NY) recently gave a [speech](#) on the floor of the U.S. Senate where he urging President Joe Biden to extend the pause on federal student loan payments until next Spring. In the speech, Leader Schumer stated, "the federal government provided a lifeline for tens of millions of borrowers when they ordered a pause on most federal student loan repayments last spring. Of the many steps the government has taken to respond to the COVID crisis, this has been one of the most effective. Unfortunately, this pause will expire in a little over two months, even while many student borrowers are still piecing their lives back together after the pandemic."

## Senate HELP Committee Reschedules Vote on Lhamon Nomination

Today, the Senate Health, Education Labor, and Pensions Committee [announced](#) that it will vote on the nomination of Catherine Lhamon to serve as the next Assistant Secretary for Civil Rights at the U.S. Department of Education on Tuesday, August 3. The committee said that it postponed the vote on Ms. Lhamon's nomination last week because of scheduling matters. Congressional observers believe that the committee's vote will result

in a tie with all Democrats in support and all Republicans in opposition to the nomination.

## House Completes Debate on Amendments to Labor/HHS/Education Appropriations Package

Last night, the U.S. House of Representatives completed debate on all of the amendments made in order to [H.R.4502](#), the Labor, Health and Human Services (HHS), Education, and Related Agencies Appropriations Act for Fiscal Year 2022, which is a seven-bill appropriations package that Democrats hope to pass in order to speed completion of the chamber's budget and appropriations process. During amendment debate, the House agreed to assemble a series of en bloc amendments. The first en bloc amendment included amendments by Rep. Jackie Speier (D-CA) to halt the Department of Education's implementation of the Title IX rule and Rep. Shelia Jackson Lee (D-TX) to increase funding for college persistence efforts; the en bloc amendment passed. The second en bloc amendment included an amendment by Rep. Glenn Grothman (R-WI) to reduce funding for higher education programs; the en bloc amendment was defeated. A vote on final passage of H.R. 4502 is expected later this week.

As reported previously, the Labor, HHS, Education, and Related Agencies Appropriations Act portion of the package provides \$102.8 billion in discretionary funding for the U.S. 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 Fiscal Year 2021 enacted level and \$358 million below the budget request.

## Federal Reserve Completes Two-Day FOMC Meeting, Maintains Funds Rate at Near Zero

Today, the Federal Reserve completed a two-day meeting of its Federal Open Market Committee (FOMC) where it discussed the nation's monetary policy. In a [statement](#) issued after the meeting, the FOMC announced that it agreed to keep the target range for the federal funds rate at 0 to ¼ percent and left in place its policy of continuing to increase its holdings of Treasury securities by at least \$80 billion per month and of agency mortgage-backed securities by at least \$40 billion per month. The statement was largely the same as the statement released at the conclusion of its last meeting on June 16, 2021. While the statement again recognized "progress on vaccinations," it eliminated the conclusion that the progress has "reduced the spread of COVID-19 in the United States." The FOMC statement says that, amid progress on vaccinations and strong policy support,

indicators of economic activity and employment have continued to strengthen. The FOMC statement also says that inflation has risen, but that the rise largely reflects transitory factors. Like previous statements, the FOMC says that it expects to maintain an accommodative stance on monetary policy until its goals of maximum employment and 2 percent inflation over the longer run are achieved.

During a press conference following issuance of the statement, Fed Reserve Board of Governors Chairman Jerome Powell said that the process of reopening the economy has been unprecedented, and that bottlenecks have occurred. He said that the Fed's asset purchases are a critical monetary tool, but that the FOMC is continuing to discuss when the economy will have satisfied the criteria on when substantial further progress has been met, which will trigger tapering. Regarding the Delta variant, Chairman Powell observed that, with the emergence of each new variant of COVID-19, the economic effects have diminished. For more coverage of the meeting, see this article from [The Wall Street Journal](#). The next meeting of the FOMC is scheduled for September 21-22, 2021.

## Third Way Releases Report on College Affordability Compact for the Next Generation

Today, Third Way released a [report](#) that argues a national free college program for four-year institutions of higher education would be fraught with political obstacles, implementation challenges, and equity concerns. The report discusses alternative policy solutions to ease the financial burdens of paying for college faced by low-income students. The report asserts that a model that uses federal funds to cover tuition costs after states pay a portion might penalize states that invest more in higher education. The report offers a set of alternative approaches such as: (1) increasing the maximum award for the Pell Grant by more than \$1,400 to target low- and middle-income students and forming a federal-state partnership in which states that spend a certain amount per student are eligible for a block grant; and (2) a federal subsidy for under-resourced institutions serving low-income students based on how many Pell dollars they take in. The subsidy would begin to phase out as an institution's endowment per student reaches a certain threshold. David Feldman, the report's co-author, said the federal government has traditionally focused its efforts on helping low-income students through federal financial aid. He believes implementing a nationwide free college program would be a "radical departure" from the federal government's current role that would not provide the most expedient help for students and is focused on college access to the detriment of student success.

## Strada Education Network Report Examines the Value of Nondegree Credentials

The Strada Education Network and Gallup recently released a [report](#) that examines the prevalence, quality, and value of nondegree credentials by length of program, field of study, provider, gender, race/ethnicity, parents' education, and generation. The report found that nondegree credentials yield positive returns, especially when combined with associate and bachelor's degrees. Other key findings of the report include the following:

- College graduates who combine their degree with a nondegree credential have substantially higher ratings of their education than those without nondegree credentials. Seventy percent of those who had both an associate degree and a nondegree credential said their education made them an attractive job candidate, compared to 43 percent of associate degree holders without a nondegree credential.
- The outcomes of nondegree credentials earned in isolation are comparable to associate degree programs. Sixty-five percent of those who complete nondegree programs said their education was worth the cost, and 49 percent said it helped them achieve their goals, compared to 59 percent and 43 percent, respectively, of associate degree holders.
- Longer certificate programs do not necessarily lead to better outcomes than shorter programs. Eighty-five percent of those who completed a certificate program that took between a week and a month to complete said it was worth the cost, compared to 59 percent of those who completed a program that took between six months and a year to complete.
- Nondegree credentials issued by community colleges received the highest ratings in terms of quality and value. Seventy-eight percent of those with a nondegree credential from a community college said it was worth the cost, compared to 54 percent of those with a nondegree credential from an individual business or company.
- Black Americans rated the quality and value of nondegree credentials the highest among racial groups, while white Americans rated them the lowest. For example, 71 percent of Black Americans with a nondegree credential said their education helped them achieve their goals, compared to only 46 percent of white Americans.

## 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:

- [2021-2022 Federal School Code List in Excel Format](#)
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## General News

[Forbes](#) reports that recent bankruptcy decisions on discharging student loan debt have led to confusing and conflicting outcomes for borrowers. But efforts to reform the bankruptcy code to more easily allow student loans to be discharged in bankruptcy are continuing.

[Business Insider](#) reports on Sen. Elizabeth Warren's (D-MA) efforts as one of the leading lawmakers pushing for President Joe Biden to extend the student loan-payment pause beyond its expiration in October, requesting an additional six months of relief or until the economy returns to pre-pandemic employment levels, whichever is longer.

[Forbes](#) reports that it is possible to discharge student loans through bankruptcy. The most common standard that courts use to determine student eligibility for discharge is strict and whether a borrower meets it is subject to the individual bankruptcy court's judgment. But that does not mean borrowers should not try.

[Inside Higher Ed](#) reports that three-quarters of respondents to its 2021 Survey of Colleges and University Business Officers, conducted this month with Hanover Research, express confidence in their institution's financial stability over the next decade. The same proportion says their college or university is in better financial shape than it was a year ago and two-thirds say it is stronger than it was in 2019.

[The Chronicle of Higher Education](#) and [University Business](#) report that the Centers for Disease Control and Prevention updated its guidance, recommending that vaccinated students wear masks indoors in certain circumstances due to the highly transmissible Delta variant of COVID-19. This may throw a wrench in return-to-campus plans for colleges and universities that aimed to resume pre-pandemic operations.

[Inside Higher Ed](#) reports that the National Advisory Committee on Institutional Quality and Integrity voted Tuesday to recommend that a senior official with the U.S. Department of Education renew the federal recognition of the Accrediting Commission of Career

Schools and Colleges for three years. Department staff had recommended a five-year renewal.

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