



# DAILY BRIEFING

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## House Education and Labor Committee Begins Consideration of Build Back Better Act, Includes Free Community College and Increase in Pell Grants

Today, the House Education and Labor Committee began consideration of its portion of

the Build Back Better Act, which carries out the White House's American Families Plan as required by the House- and Senate-passed budget resolutions. In his [opening statement](#), Chairman Bobby Scott (D-VA) said that the bill would make "historic and long-overdue investments in students, workers, families, and our economy." He said that the bill would lower costs for working families, help American workers secure good-paying jobs and provide our nation's children with a strong foundation. In her [opening statement](#), Ranking Member Virginia Foxx (R-NC) said that this year was already shaping up as one of the most expensive years on record when it comes to federal spending. *"Yet, Democrats are dipping into taxpayers' wallets to give another socialist handout to liberal special interests," she said. "More government spending is not the answer to a spending-induced inflation crisis. The Biden Administration and its allies are asking Americans to pay for their failed programs twice: once with taxes from workers' personal paychecks and again at gas pumps and grocery stores. At press time, the committee was considering a series of amendments to the bill. NCHER will provide updates on amendments that were passed and defeated and final passage of the bill during the next edition of the NCHER Daily Briefing.*

As previously reported, the [education and labor portion](#) of the Build Back Better Act would provide \$761 billion in education, childcare, and workforce programs. The bill would increase the maximum award for the Pell Grant program by \$500 from the 2022-2023 award year to the 2029-2030 award year. It would create a new America's College Promise program that provides grants to for tuition-free community college; create a new Retention and Completion Grant program geared toward improving retention, transfer, and completion rates; and provide tuition assistance for students at Historically Black Colleges and Universities (HBCUs), Tribal Colleges and Universities (TCUs), and Minority-Serving Institutions (MSIs). The legislation would also expand federal student aid eligibility to those students who are covered by the Deferred Action for Childhood Arrivals policy and have Temporary Protected Status, count active-duty deferment periods toward the Public Service Loan Forgiveness Program, and provide additional funds to HBCUs, TCUs, and MSIs.

For more coverage of the bill, including criticism from the higher education community that the investments were not as high as requested by the White House, see this article from [Inside Higher Ed](#).

## CFPB Issues Consent Order Against Better Future Forward, Defines ISAs as Private Loans

On Tuesday, the Consumer Financial Protection Bureau (CFPB) announced a [Consent](#)

[Order](#) with Better Future Forward, Inc. (BFF) and related companies, which provide funding to students to finance their higher education through Income Share Agreements (ISAs) under which the students agree to pay a percentage of their income for a set period of time or until they reach a payment cap. The Bureau found that BFF engaged in deceptive acts and practices by claiming ISAs were not loans. According to the CFPB, BFF was misleading students because ISAs are credit products subject to federal consumer protection laws. As such, the Bureau said that the company was denying students important information required of loans such as disclosure statements required under Regulation Z. The Bureau also found that BFF's payment cap mechanism imposed a prepayment penalty in violation of the Truth in Lending Act. In addition to requiring BFF to cease the violations going forward, under the Consent Order, the company must contact each consumer who has an outstanding ISA, inform them of the Consent Order, and provide disclosures required by Regulation Z. BFF must also recalculate the consumer's total payment cap. The Order requires BFF to submit a compliance plan to the Bureau and to report to the Bureau on its compliance. The Order states that the Bureau did not impose financial penalties against Better Future Forward after considering its responsible conduct, namely that it demonstrated good faith and substantial cooperation beyond that required by law.

"The ISA industry has tried to evade oversight by claiming that its products are not loans," said Acting Director Dave Uejio in a [press release](#). "But regardless of the name on the label, these products are credit and have to comply with federal consumer protections. The ISA industry cannot pretend that core consumer protection laws do not apply to their products." The CFPB action follows additional regulation taken by several states concerning ISAs over the last month, including the states of California, Colorado, and Illinois. For more coverage, see this article from [Business Insider](#).

## Treasury Secretary Yellen Writes Letter to Congressional Leaders Urging Action on the Debt Limit

Yesterday, Treasury Secretary Janet Yellen sent [letters](#) to House Speaker Nancy Pelosi (D-CA), House Minority Leader Kevin McCarthy (R-CA), Senate Majority Leader Chuck Schumer (D-NY), and Senate Minority Leader Mitch McConnell (R-KY) urging Congress to raise the nation's debt limit. In the letter, Secretary Yellen said that the U.S. Department of Treasury's extraordinary measures to prevent default will be exhausted in October 2021. Secretary Yellen warned that waiting until the last minute to suspend or increase the debt limit may cause serious harm to business and consumer confidence, raise short-term borrowing costs for taxpayers, and negatively impact the credit rating of

the United States. For more coverage, see this article from [Roll Call](#).

## Federal Reserve Releases Consumer Credit Report, Shows Only Slight Increase in Student Loan Balances

The Federal Reserve recently released its monthly [Consumer Credit - G.19 Report](#), which found that consumer credit in July increased at a seasonally adjusted annual rate of 4.7 percent. According to the report, revolving credit increased at an annual rate of 6.7 percent, while nonrevolving credit increased at an annual rate of 4.1 percent. Total outstanding consumer credit stood at \$4.331 trillion at the end of July, up \$17.0 billion from the previous month. In July, revolving credit increased by \$5.6 billion, while nonrevolving credit increased by \$11.5 billion. Revolving credit consists mostly of credit card debt and nonrevolving debt consists mostly of auto loans and student loans. The Federal Reserve report revealed that, in July, nonrevolving debt owned by the federal government (mostly Direct Loans) increased by just \$1.8 billion to \$1.416 trillion. Thus, the largest increase in consumer credit came from motor vehicle loans.

## White House Appoints Delaware State University President Tony Allen to Lead President's Board of Advisors on HBCUs

Yesterday, the White House [announced](#) the President's intent to nominate Tony Allen, the current President of Delaware State University, to lead the President's Board of Advisors on Historically Black Colleges and Universities (HBCUs). Mr. Allen became President of Delaware State University in January 2020, after serving as Provost and Executive Vice President since July 2017. Prior to joining the university, he was the Managing Director of Corporate Reputation at Bank of America; co-founded the Metropolitan Wilmington Urban League and Public Allies Delaware; and led Delaware's public education reform effort from 2014 – 2019. The PARTNERS Act codified the President's Board of Advisers on HBCU Policy and required federal agencies with relevant grants and programs to create an annual plan for better engaging and supporting HBCU participation. Under the statute, board members must include HBCU presidents and leaders from other sectors. Education Secretary Miguel Cardona and the Executive Director of the White House Initiative on HBCUs serve as ex officio members of the board. For more coverage, see this article from [The Hill](#).

## Reps. Adams and Hill Push for HBCU IGNITE Act

Earlier this week, Reps. Alma Adams (D-NC) and French Hill (R-AR) spoke at the National Historically Black Colleges and Universities (HBCU) Week Conference. During the address, both members urged Congress to support for [H.R. 3294, the Institutional Grants for New Infrastructure, Technology, and Education for HBCU Excellence \(IGNITE\) Act](#), which would help HBCUs rebuild their campus infrastructure. The bill, introduced in May, will increase funds for HBCUs to help them renovate or construct new campus facilities, expand access to campus-wide broadband, and purchase equipment for research and instruction. “We’re lighting this fire and we’re trying to keep it burning,” Rep. Adams said, adding that more than 90 members of Congress support the bill and are pushing to pass it “either as a standalone piece of legislation or in a larger vehicle.” For more information, see this [press release](#) issued by Rep. Adams’ office.

## CFPB Issues Annual Report to Congress on Credit Card Agreements

Today, the Consumer Financial Protection Bureau (CFPB) issued its [2020 Annual Report to Congress](#), on the agreements signed between credit card issuers and colleges and universities. The report found that the market for college credit cards continued its general trend of decline in 2020. It also found that agreements with alumni associations continued to make up the largest part of the market, as defined by the number of agreements, the number of accounts, and the amounts of payments made by issuers to their counterparties. The report is the 12th annual college credit card report issued as required by the Credit Card Accountability, Responsibility, and Disclosure or CARD Act. “The CFPB remains steadfast in its efforts to ensure our financial markets work for consumers, responsible providers, and the economy as a whole, especially for students,” said CFPB Acting Director Uejio in a press release. “Our duty to collect and publish data on these credit card agreements supports transparency and an informed public.” The regulations implementing section 305 of the CARD Act require credit card issuers to submit annually to the CFPB the terms and conditions of any college credit card agreement that was in effect at any time during the preceding calendar year between an issuer and an institution of higher education.

## U.S. Department of Education News

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

The following announcements were posted to the Information for Financial Aid Professionals website:

- [End of Federal Fiscal Year 2021 – Impact on Funds Availability for Pell Grant, Campus-Based, Iraq and Afghanistan Service Grant, TEACH Grant, and Direct Loan Programs \(G5 and COD System\) \(EA ID: GENERAL-21-55\)](#)
  - [Pell Grant and Iraq and Afghanistan Service Grant 2020–21 Award Year Data Submission Deadline \(EA ID: GRANTS-21-09\)](#)
  - [Additional TEACH Grant Closeout Information for 2020–21 Award Year \(EA ID: GRANTS-21-10\)](#)
  - [NSLDS GA TEF File](#)
  - [Perkins TEF File](#)
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## General News

[The Hill](#) reports that four House Republicans are pressuring Education Secretary Miguel Cardona to rule out a potential mass forgiveness of federal student loan debt without congressional approval.

[Forbes](#) reports that the Biden Administration has begun implementing its student loan forgiveness for tens of thousands of borrowers under its revised borrower defense to repayment policy. But the rollout has been bumpy.

[Inside Higher Ed](#) reports that, though college graduates are a growing and increasingly vocal part of the Democratic Party's base, the party has not grown any stronger because it continues to lose white voters without a degree.

[The Washington Times](#) reports that Rep. Ted Budd (R-NC) is accusing the White House of stacking the U.S. Department of Education with politically motivated activist lawyers ahead of an ambitious reshaping of student loan cancellation rules.

[Diverse Issues in Higher Education](#) reports that President Joe Biden declared September 5th through September 11th as National Historically Black Colleges and Universities (HBCU) Week and encouraged educators, public officials, and all Americans to “observe this week with appropriate programs and ceremonies that acknowledge the countless achievements of HBCUs.”

[Los Angeles Times](#) explains how a 529 College Savings Plan can help with education loans

after graduation.

[\*Student Loan Hero\*](#) reports that 68 percent of parents would consider withdrawing from their retirement savings to help pay for their child's education according to its recent survey.

[\*Higher Ed Dive\*](#) reports that only about two-fifths of students who applied to college during the 2020-21 school year using the Common Application included their SAT or ACT scores, a sharp decline from the prior year when more than three-fourths of college prospects did so.

[\*Inside Higher Ed\*](#) reports that career centers are developing new virtual programming to help students make up for the internships they lost to the COVID-19 pandemic.

[\*ABC 7 New York\*](#) reports on how student and parent borrowers can use the payment pause to improve their finances.

[\*Inside Higher Ed\*](#) reports that colleges and universities are trying to recruit women for training and apprenticeship programs that prepare them for male-dominated fields. But progress is slower than advocates hoped.

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