NCHER DAILY BRIEFING

Wednesday, September 22, 2021

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NCHER Slated to Hold Roundtable on Exploring New Business Opportunities in the Higher Education Finance Marketplace

On Monday, September 27 from 11:00 a.m. to 1:30 p.m. ET, NCHER will host a roundtable for its membership on exploring new business opportunities in the higher education finance marketplace. There is no secret that higher education financing has rapidly

evolved over the last decade. As the federal guaranteed loan program continues to amortize, many lenders and servicers have created private loan programs to cover the gaps that exist between cost of attendance charged by institutions of higher education and federal borrowing limits. Several servicers and guaranty agencies have converted to philanthropic or college access and success foundations or become third-party servicers in order to help institutions of higher education address high cohort default rates or to work with struggling borrowers while other members have become federal contractors and subcontractors to help service and recover on the Federal Direct Loan portfolio. In all cases, these members harnessed the decades of experience in working with students and families. This roundtable will include a panel of experts to discuss the current state and future of the American higher education system, new business opportunities that may exist at the federal level, and how organizations have had success in reviewing and revising their business plans so that they are better prepared to meet their public service missions. The roundtable envisions a robust and off-the-record discussion between panelists and the membership on the best way to move forward in light of the changing political and policy environment, especially related to generating revenue that will replace funding from the Federal Family Education Loan Program.
For more information, visit **NCHER's website**.

House Passes Continuing Resolution to Keep Federal Government Open, Likely to Fail in the Senate

The U.S. House of Representatives passed **H.R. 5305, the Extending Government Funding and Delivering Emergency Assistance Act**, by a vote of 220-211. The short-term Continuing Resolution (CR) would extend funding for the federal government through December 3 while raising the nation's debt limit to October 2022 to avoid a default when the U.S. Department of Treasury reaches the limit of its borrowing authority within a few weeks. The bill also includes language extending the payment of Account Maintenance Fees paid to guaranty agencies. The CR now heads to the Senate, where Republican leaders have said they will not support a debt limit increase. The package "is going to go down like a fat guy on a seesaw," Sen. John Kennedy (R-LA) predicted this week. Sen. Kennedy and three to four other Republican Senators are likely to vote in favor of the bill since it includes disaster assistance for their states. But the bill needs support from at least 10 Republicans to make it through the upper chamber, and it is expected to fall far short.

If enough Senate Republicans do not vote in favor of the bill, House and Senate Democrats will be forced to come up with another plan to keep the federal government open past the start of the fiscal year on October 1st while also avoiding a debt default later in the month. It is currently unclear what the second course of action will be at this point, but the House and Senate could pass a new budget resolution and include the debt limit hike on a budget reconciliation package; however, that approach would likely take a few weeks. For more coverage, see this article from ***Roll Call***.

House Passes Dean Amendment to NDAA, Requiring Private Loan Lenders to Discharge in Case of Death or Disability

Today, the U.S. House of Representative approved an **amendment** offered by Rep. Madeleine Dean (D-PA), which would amend the Truth in Lending Act to direct the holder of a private education loan to discharge the loan in the event of the borrower's death or total and permanent disability, to **H.R. 4350, the National Defense Authorization Act for Fiscal Year 2022**. The amendment passed a largely party-line vote of 219-204. During debate on the amendment, Rep. Dean said that her amendment was aimed at bringing parity between how federal and private loan borrowers are treated when they become severely disabled. "It would be marvelous if all private student lenders would voluntarily discharge in the case of permanent or total disability," she said. "It just simply isn't the case." But Republicans argued that the federal government should not dictate which benefits private lenders must offer their customers. Rep. Warren Davidson (R-OH) said the amendment would be costly for lenders to implement and would reduce the market value of their existing loans. He said that borrowers are "free to choose" among lenders who offer the consumer protections for disabled borrowers and those who do not. House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) said that Democrats were seeking to "create a government mandate for a feature already common place in the industry."

The House is expected to debate and vote on an **amendment** by Rep. Alma Adams (D-NC) to extend the student loan relief provisions included in the Coronavirus Aid, Relief, and Economic Security or CARES Act to private student loan borrowers later today or tomorrow. The protections, which include suspension of monthly payments, interest accrual, and collection activities, would expire on January 31, 2022, the same day as relief is set to expire for federal student loan borrowers. The lower chamber is currently debating more than 450 amendments that have been made in order by the House Rules Committee to the annual national defense package. The U.S. Senate has yet to take up its version of the bill, which cleared the Senate Armed Services Committee over the summer.

For more coverage, see this article from ***Forbes***.

Senate Votes to Consider Chopra Nomination to Head CFPB

Late Tuesday, the U.S. Senate voted to discharge the nomination of Rohit Chopra to serve as the next Director of the Consumer Financial Protection Bureau (CFPB) out of the Senate Banking, Housing, and Urban Affairs Committee. The party line vote was 49-48. The vote clears the way for a floor vote, which could take place as early as next week.

In March, the Senate Banking Committee voted 12-12 after Democrats made the case that Mr. Chopra is well-qualified to head the CFPB and has an extensive record in support of consumers while Republicans said that Mr. Chopra has a record as hostile toward industry. Under the Senate rules, the Senate Majority Leader can make a motion to discharge the nomination in the event of a tie vote. Mr. Chopra is no stranger to the CPFB, having served as its Student Loan Ombudsman from 2010 to 2015 before being confirmed as a commission on the Federal Trade Commission (FTC), a position that he has held since May 2018. Mr. Chopra's pending move to the Bureau would mean that Democrats and Republicans would each hold two of the seats on the FTC, which could slow down the ability of the new Commission Chair, Lina Khan, to move forward with her aggressive anti-trust agenda. However, just last week, the White House announced its intention to nominate Alvaro Bedoya to fill the vacancy. Mr. Chopra would replace CFPB Acting Director Dave Uejio who has been nominated for the position of Assistant Secretary for Fair Housing and Equal Opportunity. While in charge, Mr. Uejio, a long time official, stepped up the Bureau's enforcement activity, a policy that Mr. Chopra is expected to continue.

For more coverage, see this article from ***The Wall Street Journal***.

Federal Reserve Maintains Funds Rate at Near Zero, Indicates Tapering of Asset Purchases Coming Soon

Today, the Federal Reserve concluded the two-day meeting of its Federal Open Market Committee (FOMC) where its members agreed to maintain the target range for the federal funds rate at 0 to ¼ percent and, while it maintained its level of asset purchases, signaled that moderation in the pace of such purchases may soon be warranted. Thus, in the short term, the Fed will continue 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** issued following the meeting was largely the same as the statement released following the last FOMC meeting on July 28. However, the statement now indicates that, though the sectors most affected by the pandemic have improved, "the rise in COVID-19 cases has slowed the recovery." Like previous statements, the FOMC states 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.

The FOMC also released the **economic projections** of Federal Reserve Board members and Federal Reserve Bank presidents. These projections show that participants predict that Gross Domestic Product growth this year will be 5.9 percent, down from the 7.0 percent following the June meeting, with unemployment coming in at 4.8 percent for the year, up from 4.5 percent in June. About half of the participants projected that the federal funds rate would increase by at least 25 basis points at some point next year.

During a press conference following issuance of the statement, Federal Reserve Board of Governors Chair Jerome Powell said that the Fed's inflation goal has been met, and that the "substantial further progress test" in employment for reducing asset purchases could be met by FOMC's next meeting on November 2-3. He indicated that, for him, the economy was almost there and that committee members generally agreed at their meeting that "a gradual tapering process that concludes around the middle of next year is likely to be appropriate." He said that the test for the lift off of the Fed Funds rate is a lot more stringent than the test for beginning to reduce asset purchases.

For more coverage of the Fed's actions, see this article from ***The Wall Street Journal***.

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:

- **(GENERAL-21-58) Volume 6 – The Campus-Based Programs [2021-2022 Federal Student Aid Handbook]**

Member News

The AccessLex Institute Center for Legal Education Excellence recently published a report titled, **Student Debt: The Holistic Impact on Today's Young Lawyer**. The survey, released on Tuesday, asked young attorneys if their legal education was worth the cost. Fewer than half said yes, but 60.9 percent of respondents said that if they had to do it over, they would still attend law school.

General News

Higher Ed Dive reports that income-share agreements (ISAs) are at a legal crossroads after federal and state regulators put a stake in the ground saying ISAs qualify as loans.

Inside Higher Ed reports that Rep. Alma Adams (D-NC) and organizations representing Historically Black Colleges and Universities (HBCUs) are not thrilled with the treatment of HBCUs in the current language of the Build Back Better Act.

Yahoo reports that Democratic lawmakers continue to push for student loan forgiveness amid the pause in federal student loan payments with some lawmakers arguing that momentum for broad-based action is building. "The authority is there, the momentum is there," says Rep. Ayanna Pressley (D-MA).

Forbes publishes a column saying that student and parent borrowers should not expect loan forgiveness for *every* student loan borrower.

Fortune reports that Senate Majority Leader Chuck Schumer (D-NY) has said the U.S. Department of Education's efforts to cancel $9.5 billion in federal student loans is 'not enough.'

Inside Higher Ed reports that JPMorgan Chase, the multinational investment bank, has acquired the college planning platform, Frank Financial Aid, in an effort to deepen relationships with students and their parents.

University Business reports that more than 70 percent of college students favor vaccine mandates, though most Republicans do not, according to a recent survey. The majority of respondents also want masks indoors.

East Bay Times reports that a California woman was arrested in a nationwide, $6 million student debt relief scam.

An online version of this Daily Briefing is available to view and print from the **Daily Briefing Section** of the **NCHER e-Library**.

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