NCHER

DAILY BRIEFING

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In Today's Edition

Senate Leaders Announce Short-Term Deal on Raising Debt Limit

Today, Senate Democratic and Republican leaders reached a bipartisan deal on legislation to raise the nation's debt ceiling on a short-term basis until December 3, 2021. The agreement comes after Senate Minority Leader Mitch McConnell (R-KY) released a statement offering Democrats several ways to avoid a default in the coming days, and pushes the debt ceiling debate for an additional two months. In the statement, Leader McConnell said, "We have already made it clear we would assist in expediting the 304-

reconciliation process for stand-alone debt limit legislation. To protect the American people from a near-term Democrat-created crisis, we will also allow Democrats to use normal procedures to pass an emergency debt limit extension at a fixed dollar amount to cover current spending levels into December. This will moot Democrats' excuses about the time crunch they created and give the unified Democratic government more than enough time to pass standalone debt limit legislation through reconciliation." With the agreement in hand, the U.S. Senate is expected to pass the measure today before heading over to the U.S. House of Representatives.

While the short-term deal solves the debt limit crisis in the immediate term, the threat of default would surface around the same time that the Continuing Resolution, which extended funded for the federal government expires, creating the potential for major year-end fiscal debates. Republicans have said that the additional time will allow Democrats to use the budget reconciliation process to raise the debt ceiling on a longer-term basis while Democrats have said they oppose the avenue. No long-term solution seems clear at this point. For more coverage, see this article from ***The Hill***.

Federal Reserve Report Reveals Increase in Consumer Credit for August, Almost Entire Increase Due to Student Borrowing

Today, the Federal Reserve released its monthly **Consumer Credit - G.19 Report**, which showed that consumer credit in August increased at a seasonally adjusted annual rate of 4 percent, with revolving credit increasing at an annual rate of 3.6 percent and nonrevolving credit increasing at an annual rate of 4.1 percent. Total outstanding consumer credit stood at $4.347 trillion at the end of August, up $14.4 billion from the previous month. In August, revolving credit increased by $3.0 billion, while nonrevolving credit increased by $11.4 billion. Revolving credit consists mostly of credit card debt and nonrevolving debt consists mostly of auto loans and student loans. The Federal Reserve report also revealed that, in August, nonrevolving debt owned by the federal government (mostly Direct Loans) increased by $14.5 billion. Thus, almost all of the total increase in credit during the month was attributable to student loan borrowing, an understandable development given borrowing the start of the Fall semester.

Foxx, Grothman Send Letter to Education Secretary Cardona on Experimental Site for Unsubsidized Loans

Today, House Education and Labor Committee Ranking Member Virginia Foxx (R-NC) and Rep. Glenn Grothman (R-WI) sent a letter to Education Secretary Miguel Cardona asking for an update on the experimental site on limiting unsubsidized loan amounts under the Federal Direct Loan Program. In the letter, the House members say that the experimental site was created in 2011 and the U.S. Department of Education has yet to submit a report to Congress on its results, despite a statutory mandate to do so regularly. The letter says that the noncompliance raises several serious concerns, including the Department's ability to manage the experimental site program effectively. The Department has four active experimental sites and has ended 13 experiments in the past five years.

Department of Education Continues Negotiated Rulemaking Session, Completes Discussion on PSLF and Moves to IDR

Today, the U.S. Department of Education held the fourth of five meetings scheduled for this week of its Affordability and Student Loans Committee, which has been formed to review and revise federal regulations around total and permanent disability, closed school discharge, interest capitalization, the Public Service Loan Forgiveness Program (PSLF), the borrower defense to repayment process, Pell Grants for Prison Education programs, and income-driven repayment. During today's session, the committee continued its discussion on proposed changes to PSLF, including proposed changes to the application and reconsideration process. The committee also discussed the definition of full-time employment and an employer's eligibility for participation in the program. The committee then considered the Department's proposal to reinstate the ban on mandatory arbitration and then the proposal to create a new income-driven repayment plan for Direct Loan borrowers.

The next committee meeting will take place tomorrow from 10:00 a.m. – 12:00 p.m. and 1:00 p.m. – 4:00p.m.with a public comment period from approximately 3:30 p.m. – 4:00 p.m. Those who are interested in attending the session are required to register using the following Link to Register.

ARRC Releases Summary of Spread-Adjusted Fallback Recommendations

Yesterday, the Alternative Reference Rates Committee (ARRC) released a **summary** of its recommendations to date regarding spread-adjusted fallbacks for contracts referencing the London Interbank Offered Rate (LIBOR). The summary is intended to provide a singular reference point for market participants to understand the ARRC's current recommendations in relation to its fallback language and to state legislation that references ARRC-recommended fallbacks. The summary says that the committee recognizes that, regardless of what rate is chosen as a LIBOR alternative, there will need to be an adjustment for the difference between LIBOR and the fallback rate. The summary states that the ARRC's recommended replacement rates are based on the Secured Overnight Financing Rate or SOFR.

CFPB Releases Question and Answer Document on Debt Collection Rule

Last Friday, the Consumer Financial Protection Bureau issued a **Frequently Asked Questions** document on debt collection. The Bureau described the document as a "Compliance Aid" that is designed to help collection agencies comply with its final rule implementing the Fair Debt Collection Practices Act (Regulation F), which goes into effect on November 30, 2021. The document provides answers to questions relating to limited-contact messages, telephone call frequency, telephone call frequency – presumptions, telephone call frequency – excluded calls, and telephone call frequency – rebutting the presumptions.

Pew Releases Report Examining Veteran Student Loan Debt

Pew Charitable Trusts recently released a **report** that examines the scope and scale of veterans' student loan borrowing. The report looked at data from the U.S. Department of Education's National Postsecondary Student Aid Study that shows many student veterans borrow a substantial amount of education loans, and seeks to explain why so many veterans are taking out student loans to pay for higher education.

Through their analysis of data for the 2015-16 academic year, Pew found that just over a quarter of undergraduate veterans took out student loans despite having access to significant federal veterans' education benefits. Although the Post-9/11 GI Bill are robust and comprehensive, the reports says that only 52 percent of eligible students used federal veterans' education benefits to fund their educations while 27 percent of undergraduate student veterans took out federal or private student loans during the 2015-16 academic year. The Pew analysis also found that the median loan amount among undergraduate veterans who borrowed for higher education was $8,000 that year, compared with $7,500 among undergraduate, nonveteran independent student borrowers. The report says that one reason for such high rates of borrowing may be that many student veterans do not use the federal education benefits available to them. However, some veterans might have already exhausted their benefits before completing their degrees or were unable to meet eligibility requirements. Many servicemembers may have chosen to transfer some or all of their Post-9/11 GI Bill benefits to dependents instead of using the assistance for themselves. To support this last point, Pew's analysis found that during fiscal year 2016, which roughly corresponds with the 2015-16 academic year, dependents of veterans or service members accounted for 17 percent of the law's beneficiaries.

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-21-63) Application Deadline for the Second Chance Pell Experiment**

General News

Inside Higher Ed and ***CBS News*** continue coverage of the changes to the Public Service Loan Forgiveness announced by the U.S. Department of Education. Most of the reforms are temporary, but they will still help hundreds of thousands of borrowers chart a renewed path toward loan forgiveness.

Inside Higher Ed, ***Higher Ed Dive***, and ***The Hill*** provide further coverage of the Federal Trade Commission's announcement that it will crack down on for-profit institutions that make false promises about their graduates' outcomes, including job and earnings prospects.

The Chronicle of Higher Education reports on what first-generation students want to see on virtual college tours.

Diverse Issues in Higher Education reports on the student loan reforms being discussed as part of the negotiated rulemaking process occurring this week.

Student Loan Hero reports that almost half (46 percent) of college graduates holding student loan debt make less annually than they owe in student loans, according to a new survey of nearly 1,000 graduates across three generations.

Diverse Issues in Higher Education reports that Historically Black Colleges and University advocates pushed for more funding during a recent hearing before the House Education and Labor Subcommittee on Higher Education and Workforce Investment.

Higher Ed Dive reports that workers' median earnings rise with each additional level of education, according to a new report from Georgetown University's Center on Education and the Workforce. The report bolsters previous research showing degrees tend to pay off in the job market.

The College Post provides a full guide to education benefits provided by the military to servicemen and women.

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