



DAILY BRIEFING

October 14, 2021

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NCHER Fall Legal Meeting: Final Agenda Has Been Released, Register Today!

NCHER will hold its annual Fall Legal Meeting next Thursday, October 21st, at the offices of Bradley Arant Boult Cummings located at Roundabout Plaza, 1600 Division Street, Ste 700, Nashville, Tennessee. The [agenda](#) for the meeting will cover a number of topical subjects, including an update on the Consumer Financial Protection Bureau, developments involving the Fair Debt Collection Practices Act, an overview of state lending and servicing laws (including preemption), legal issues involved with the U.S. Department of Education's regulation of guaranty agencies, privacy and cybersecurity,

and the current market for financing Federal Family Education Loan Program and private education loans. The program should be of interest to both lawyers and non-lawyers. Information on the meeting, including a link to register and a list of hotels close to the law firm, can be found under the Events tab on the [NCHER website](#). A virtual option will be provided, though active participation for remote registrants will be limited. Those planning on attending remotely should indicate so when registering. If you have any questions regarding the Legal Meeting, feel free to reach out to Shelly Repp at srepp@ncher.org.

Department of Education Settles PSLF Lawsuit with AFT

Yesterday, the American Federation of Teachers (AFT) [announced](#) that it had settled its lawsuit against the U.S. Department of Education where it alleged that the agency failed to properly manage the Public Service Loan Forgiveness Program (PSLF). The lawsuit, *Weingarten v. DeVos*, was filed in July 2019 by AFT and eight of its individual members. Under the [settlement](#), borrowers whose PSLF applications were denied will have their requests reconsidered. The Department will also provide detailed notices informing borrowers how many payments remain before they qualify for forgiveness, how they can find out which payments are qualifying, and whom to contact to receive guidance about how to obtain loan forgiveness. The Department said that it is committed to working with AFT and others to improve communications with borrowers seeking PSLF and further improving the PSLF application process, including by expanding the base of qualifying employers, automating the PSLF process for federal employees, allowing borrowers to digitally sign their PSLF applications, and exploring options that could include allowing employers to certify employment for groups of employees and automating certification with state, local, and tribal governments.

“This is a redemption, and a redeeming moment,” AFT President Randi Weingarten told reporters on Wednesday. “It’s a vindication for the millions of borrowers who took the government at its word but were cruelly denied access to loan forgiveness through no fault of their own.” For more coverage, see this article from [Inside Higher Ed](#).

FSA COO Cordray’s Addresses Financial Literacy and Education Commission, Discusses PSLF Changes

Yesterday, Federal Student Aid (FSA) Chief Operating Officer Richard Cordray addressed a public meeting of the U.S. Department of Treasury’s Financial Literacy and Education Commission (FLEC). During his presentation, Mr. Cordray provided an overview of FSA’s agenda for the year ahead and highlighted efforts underway to simplify the FAFSA [Free

Application for Federal Student Aid] and automate the verification process, which he described as a “pain point”. He said that the changes will take two or three years to complete. Mr. Cordray also expressed concerns that early FAFSA data reveals a downward trend in postsecondary education enrollment due to the COVID-19 pandemic. He then outlined what he termed “vast changes” to the Public Service Loan Program (PSLF). He said that, as of January 2021, only 6,500 borrowers had received a discharge under this program, and nobody had received credit on old loans under the Federal Family Education Loan Program (FFELP). He said that FSA now estimates 40,000 borrowers will receive discharges by the end of the year and hundreds of thousands of other borrowers will have moved forward to reach the 10-year repayment mark. Mr. Cordray indicated that FSA is working to deliver the relief through automated processes, first with the U.S. Department of Defense and then for federal employees. He said that the agency is working to give credit for payments made under the FFELP program, which will be put in place over the next year, and encouraged FLEC members to spread the word that PSLF will be available to FFELP borrowers. He ended his remarks by mentioning the challenges in getting borrowers back into repayment following the end of the federal student loan payment pause, saying the stakes are high and that this is the top priority for FSA.

For a recording of the FLEC meeting, click [here](#) (Cordray’s remarks begin at the 21-minute mark).

Federal Reserve Releases Minutes from Latest FOMC Meeting, Indicates Tapering of Asset Purchases Could Begin Next Month

Yesterday, the Federal Reserve released the [minutes](#) of the recent meeting held on September 21-22 of the Federal Open Market Committee (FOMC). The minutes reveal that the nation’s economic activity has continued to expand in recent months, though at a less rapid pace than in the first half of the year. For this reason, participants reduced their projections of real GDP [Gross Domestic Product] growth for the year, pointing to a reassessment of the severity and likely duration of supply constraints or of the effects of the spread of the Delta variant on the economy. Participants noted that, generally, they did not expect the bottlenecks to be fully resolved until sometime next year or later. Some participants expressed concerns that elevated levels of inflation could contribute to longer term inflation expectations. On beginning to remove monetary accommodations, the minutes reveal that most participants remarked the standard of “substantial further progress” had been met with regard to the committee’s price-stability goal or that it was

likely to be met soon, and that progress had been made in regard to the committee's maximum-employment goal. The minutes indicate that staff had developed an illustrative path for beginning to taper monthly purchases of Treasury securities and agency mortgage-backed securities. According to the minutes, "the path featured monthly reductions in the pace of asset purchases, by \$10 billion in the case of Treasury securities and \$5 billion in the case of agency mortgage-backed securities," beginning in either mid-November or mid-December. However, there was disagreement over when to begin to raise the federal funds rate, with some stressing that rates should be kept at the current lower end (zero to ¼ percent) over the next couple of years with others suggesting that the target range begin to increase by the end of next year.

The next meeting of the FOMC is scheduled for November 2-3, 2021. For more coverage, see this article from [The Wall Street Journal](#).

AccessLex Institute Releases Issue Brief on Income-Driven Repayment

Earlier this month, the AccessLex Institute released a new issue brief and set of policy recommendations titled, [The Winding Road of Income-Driven Repayment: Challenges and Opportunities for Reform](#). In the brief, AccessLex outlined the five income-driven repayment plans currently provided to student and parent borrowers by the U.S. Department of Education, described the challenges that borrowers face while accessing and enrolled in each of the plans, and offered recommendations for reform. The recommendations include the following:

- The percentage of discretionary income paid should be based on the level of a borrower's income.
- Interest capitalization should be eliminated.
- Borrowers should receive forgiveness after 20 years of repayment, regardless of whether they borrowed for an undergraduate or graduate degree.
- The balance on the student loan that is forgiven at the end of the repayment period should remain tax-free.
- The Department should ensure that the automatic recertification of income is not delayed.
- There should be no partial financial hardship requirement.

Strada Education Network Launches \$10 Million Beyond Completion Challenge

Today, Strada Education Network [announced](#) that it had partnered with the Taskforce on Higher Education and Opportunity to launch a \$10 million Beyond Completion Challenge to reimagine higher education to better serve students' needs. The initiative is aimed at helping higher education institutions launch, test, and scale innovations that improve career and life opportunities after graduation for more students of color as well as first-generation students and those who struggle to afford their education. Each institution of higher education participating in the challenge will develop an initiative on their campus in collaboration with other organizations, including industry partners, that fosters a more effective higher education experience. Strada and the Taskforce state that the challenge, which includes \$3 million in innovation grants this year and \$7 million in scaling grants in 2022, is intended to support initiatives that will focus on equitable outcomes through and beyond college completion. The Taskforce, created in the spring of 2020 by three dozen presidents and chancellors representing close to 100 colleges and universities and 2.4 million students with organizational support from McKinsey & Company, has been working to improve higher education to address persistent inequities that were exacerbated by the pandemic.

“We want to recognize and extend the great work these institutions are already doing to re-envision postsecondary education. We hope the Beyond Completion Challenge will help close equity gaps for more graduates, especially for those who have faced the most barriers,” said Strada’s Ruth Watkins. “We must shift our focus beyond completion of credentials and degrees. We need to design and deliver an educational experience that connects learning with employment so that every student can secure a good job, do meaningful work, and lead a fulfilling life.”

Third Way Report Examines How One Fix Could Improve Student Loan Repayment

Third Way recently released a report titled, [Unforced Errors: How One Simple Fix Could Improve Student Loan Repayment](#). In the report, Third Way analyzed the federal income-driven repayment (IDR) plans and found that student and parent borrowers are not using the plans because the current system makes it as hard as possible to enroll and to stay enrolled. The report says that, at present, borrowers are automatically defaulted into the “fixed” repayment plan, which offers no protections and leads to the highest loan default

rates. The report also says that the largest problem contributing to the student loan dilemma has the easiest fix: simply change the way in which loans are repaid. It says that Congress should make IDR the only repayment plan offered to borrowers, with an option for them to pre-pay their loans, and make repayment automatic through withholding by linking loan information from the U.S. Department of Education to the U.S. Department of the Treasury.

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:

- [\(ANN-21-11\) Updated Course Offerings - 2021-22 Learning Tracks](#)
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General News

[CNBC](#) reports that, in a town hall meeting held on Wednesday, Education Secretary Miguel Cardona said: 'We're going to continue conversations around loan forgiveness.'

[Forbes](#) publishes a column saying that President Joe Biden's big student loan forgiveness expansion includes four hidden benefits.

[The Street](#) reports that Black students are disproportionately affected by the student loan debt crisis in large part due to systemic racial and wealth inequality, experts say. Not only do Black students have the highest amount of debt, but they also tend to have the highest on average interest rates: 5.5 percent vs 4.9 percent for white students.

[Saving For College](#) highlights how much parents can contribute to their child's 529 College Savings Plan in 2021.

[Fortune](#) reports on how borrowers can get their federal student loan debt wiped out by changes to the Public Service Loan Forgiveness program.

[Inside Higher Ed](#) reports that ACT composite scores fell 0.3 points for the Class of 2021 to an average composite score of 20.3 points, according to a recent report. The scores for high school seniors have dropped every year of the last five -- and this year's drop was the

largest.

[*The Chronicle of Higher Education*](#) reviews how the predictions resulting from the COVID-19 pandemic turned out for colleges and universities - some prognostications about the future of higher education were correct while others were off-base.

[*Inside Higher Ed*](#) reports that an analysis of newly available federal data shows that a far larger proportion of college students are taking at least one fully online course than was previously understood.

[*The Chronicle of Higher Education*](#) reports that, as the COVID-19 pandemic drags on past 19 months in the United States, the U.S. Department of Education and the U.S. Department of Justice have implored colleges and universities to be especially attentive to students who are showing signs of self-harm or suicide.

[*Higher Ed Dive*](#) reports that the for-profit chain Vista College recently closed abruptly and filed for bankruptcy protection.

[*Saving for College*](#) reports on how students and families can prepare for filing the Free Application for Federal Student Aid.

[*WTOP News*](#) reports that the end of the federal student loan payment pause may be tougher on women.

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National Council of Higher Education Resources

1050 Connecticut Ave NW #65793
Washington, DC 20035

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