



DAILY BRIEFING

Monday, November 8, 2021

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NCHER Daily Briefing Publishing on Abbreviated Schedule This Week

The *NCHER Daily Briefing* will publish on an abbreviated schedule consisting of today and Thursday while Congress is in recess for Veterans Day. We will resume our regular publishing schedule next week.



Weekly Rundown

The NCHER Weekly Rundown, which includes the latest information on important events in Washington, DC, is available today and can be downloaded from the [NCHER website](#).

Department of Education Completes Second Sessions of Negotiated Rulemaking on Student Aid, Focuses on Creation of New Income-Driven Repayment Plan

Last week, the U.S. Department of Education held the fifth and final day of the second series of negotiated rulemaking sessions for its Affordability and Student Loans Committee, which has been formed to review and revise federal regulations around total and permanent disability discharge, closed school discharge, interest capitalization, the Public Service Loan Forgiveness Program, the borrower defense to repayment process, Pell Grants for Prison Education programs, and income-driven repayment.

During Friday's session, committee members continued the discussion on the proposed language to create an income-driven repayment (IDR) plan for the Direct Loan program. Several committee members asked the Department how the new IDR plan fit within the existing plans for borrowers and whether the Department intended to get rid of any plans. The Department said that it is not proposing to get rid of any plans through the regulatory process, but how best to organize the plans. Committee members then discussed the percentage of the federal poverty line to use for the definition of discretionary income. The Department took a temperature check on the definitions, eligible loans, and borrower eligibility; there was no consensus on those issues from the committee members. The committee members then discussed the treatment of married borrowers, payment amounts, adjustments to monthly payment amounts, interest subsidies, changing repayment plans, and loan forgiveness. On the last item, several committee members disagreed with the Department's approach to provide a 20-25 term for forgiveness and opposed provisions setting different terms for undergraduate and graduate debt and how forbearance payments would be treated. Committee members completed the day by examining the proposed language around false certification.

The third and final session of the negotiated rulemaking process will take place from

December 6-10, 2021. For more information on neg-reg, click [here](#).

Department of Education Announces Recall of Loans, End of Contracts with Private Collection Agencies

Last week, the U.S. Department of Education Office of Federal Student Aid (FSA) announced that it had informed its private collection agencies that it would begin the process of recalling over 5.1 million borrower accounts as it transitions the default counseling, debt collection, and related work to the Business Process Operations vendors. FSA said that this action will basically withdraw the private collection agencies' access to the Debt Management and Collection System (DMCS). In an internal memorandum, FSA said that it will also begin the process of winding-down the contracts, which will take several months. In the short-term, Maximus, which operates DMCS, will continue to assist borrowers via the Default Resolution Group contact center. FSA said that the office will email borrowers to explain the change and let them know what they can expect. In a statement provided to Politico, FSA Chief Operating Officer Richard Cordray said that the plan, "is one part of a long-term strategy to improve defaulted federal student loan collections and help FSA more effectively support borrowers who are at risk of defaulting on their student loans. This step will also streamline the process for all customers to get assistance with any federal student aid issue and operate more efficiently."

For more coverage, see this article from [The Wall Street Journal](#).

House Passes Bipartisan Infrastructure Package, Democrats Unable to Pass Build Back Better Act

Last week, the U.S. House of Representatives passed [H.R.3684, the Infrastructure Investment and Jobs Act](#), which would provide \$550 billion in federal funding to repair the nation's roads and bridges. The legislation had been held up for several months over progressive Democrats demand that the chamber also pass the Build Back Better Act, the multi-trillion social spending package that House and Senate Democrats are trying to pass through the budget reconciliation process. As previously reported, the Build Back Better Act would increase the maximum award for the Pell Grant program by \$550, increase funding for Historically Black Colleges and Universities and Minority Serving Institutions, and create a new College Retention and Completion grant program. On Friday, House Speaker Nancy Pelosi (D-CA) urged her members to pass both bills, but a small number of moderates refused to vote for the Build Back Better Act until the bill was

scored by the Congressional Budget Office, which is not expected to be completed before Thanksgiving. With that roadblock, the House adopted a rule setting the terms for the debate on the legislation before adjourning for the Veterans Day recess. This potential timeline for passage of the Build Back Better Act by the House makes action by the U.S. Senate before Thanksgiving nearly impossible, despite Senate Majority Leader Chuck Schumer's (D-NY) desire to complete action on the legislation by that date.

Joint Economic Committee Republicans Release Report on Higher Education and Family Formation

Last week, Joint Economic Committee Ranking Member Sen. Mike Lee (R-UT) released a report titled, [Examining the Relationship Between Higher Education and Family Formation](#), which examined whether student loan debt is interfering with young adults' desire to get married and start a family. The report says that, although student loan debt and default rates may not be at crisis levels, the timing of student debt in the lifecycle may merit special consideration. Student loans require repayment in the years after an individual leaves college, which coincides with the prime years for family formation, so debt burdens may be holding young adults back and preventing them from forming families. More young adults than ever before are taking on education-related debt, which could directly affect household formation, delaying marriage and reducing fertility. Nevertheless, the report concludes that declining marriage and fertility rates predate the large growth in student loans, and occur across all levels of educational attainment. As such, student loan debt is a contributing reason why young adults, particularly young women, delay getting married and starting families. To address the problem, the report recommends that policymakers reform income-driven repayment plans, support non-traditional workforce pathways, and emphasize the importance of college completion.

Federal Reserve Report Shows Consumer Credit Increased by 8.3 Percent in September

Last week, the Federal Reserve released its monthly [Consumer Credit - G.19 Report](#), which shows that consumer credit increased at an annual rate of 8.3 percent in September. Total outstanding consumer credit stood at \$4.367 trillion at the end of September, up \$29.9 billion from the previous month. In September, revolving credit increased by \$9.9 billion, while nonrevolving credit increased by \$20.1 billion. Revolving credit consists mostly of credit card debt and nonrevolving debt consists mostly of auto loans and student loans. The report also reveals that, in September, nonrevolving debt owned by the federal government (mostly Direct Loans) increased by \$7.6 billion. Thus,

the growth of auto debt as well as credit card debt seems to have outpaced the growth of student loan debt. Interestingly, while the amount of nonrevolving debt held by the federal government increased in September, the amount at the end of the month was the same as at the end of June (\$1.438 trillion). Every three months, the Consumer Credit Report also discloses the outstanding amount of student loans of all types. At the end of September, the amount of student loans outstanding stood at \$1.753 trillion.

U.S. Department of Education News

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

The following announcements were posted to Federal Student Aid's Knowledge Center website:

- [\(CB-21-15\) Federal Perkins Loan Program Cash on Hand Update Due Dec. 15, 2021](#)
- [\(GENERAL-21-66\) 2021 Virtual Federal Student Aid Training Conference – Registration Now Open \(Reminder Nov. 8, 2021\)](#)
- [\(CB-21-14\) FISAP Edit Corrections Due Dec. 15, 2021](#)

Member News



The Kentucky Higher Education Assistance Authority released its [Money Tip for Students – November 2021](#), which suggests that college students looking to stretch their dollars can do so by cooking meals for themselves, instead of dining out.

General News

[Inside Higher Ed](#) reports that short-term Pell Grants and funding for career and technical education infrastructure could go a long way in helping community colleges address the

workforce needs of small businesses in their communities, leaders say.

[***Fox Business***](#) reports that the Biden Administration is reconsidering the stance of how federal student loans are handled in bankruptcy with Federal Student Aid Chief Operating Officer Richard Cordray telling Congress that the U.S. Department of Education and the U.S. Department of Justice are discussing the policy.

[***NPR***](#) reports that borrowers say they were wrongly denied loan forgiveness. Now, help is on the way.

[***Higher Ed Drive***](#) reports that higher education groups are calling for quick changes to the process for verifying information on the FAFSA [Free Application for Federal Student Aid].

[***CNBC***](#) reports that the nation's student loan debt has ballooned to \$1.7 trillion and examines what President Joe Biden and Congress can do to help.

[***Bankrate***](#) examines how veterans can afford to attend college.

[***Forbes***](#) publishes a column saying that the U.S. Department of Education's memo on whether the President has the executive authority to forgive federal student loans means little for debt cancellation.

[***The New York Times***](#) reports that, at Prairie View A&M, one of the Historically Black Colleges and Universities where MacKenzie Scott donated millions, the mood is cautious optimism.

[***Inside Higher Ed***](#) reports that the California Community Colleges system suffered a 14.8 percent enrollment decrease -- a loss of 318,800 students -- during the 2020-21 academic year compared to the previous year as a result of the COVID-19 pandemic.

[***The Hill***](#) publishes an op-ed arguing that the expansion of the Pell Grant program actually hurts low-income students.

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