NCHER BRIEFING

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NCHER Office Closed for Presidents' Day, Briefing Resumes on Tuesday

The NCHER office will be closed on Monday, February 19, 2024 in honor of Presidents' Day. The office will reopen and the next edition of the NCHER Briefing will be published on Tuesday. Have a safe weekend!

Department of Education Releases Draft Regulatory Language on Financial Hardship Ahead of Next Week's Negotiated Rulemaking Session

Today, the U.S. Department of Education released draft regulatory language that would allow the agency to discharge the federal student loans owed by borrowers who are experiencing financial hardship and unlikely to be able to repay their debt. The language comes ahead of the Department's fourth round of negotiated rulemaking on federal student loan forgiveness, which is scheduled for next week, February 22 and February 23, 2024. The draft proposal would outline several factors that the Department would use to determine financial hardship, such as household income, total debt balance, history of loan repayment, and receipt of a Pell Grant, but it does not define specific thresholds for those factors. As part of the proposal, the Department also proposed a one-time forgiveness that would automatically cancel debt in circumstances where its data suggests that borrowers are at least 80 percent likely to default on the debt within the next two years. In a press briefing, Department officials declined to release any specific data about how many borrowers would be covered by the proposal, though officials said that it would amount to a "meaningful number of borrowers." For a copy of the Department's press release, click here. For further coverage, see these articles from AP News and The Hill.

Department of Education Announces New Flexibilities to Support Institutions in Implementing 2024-2025 FAFSA

On Tuesday, the U.S. Department of Education announced new flexibilities to support institutions of higher education in the implementation of the new 2024-2025 Free Application for Federal Student Aid (FAFSA) in an effort to address some of the challenges associated with the rollout of the new form. As part of the announcement, the Department said its top priority is to ensure students can access the maximum federal financial aid possible to help them pursue their higher education goals and bring college in reach for more Americans. The new flexibilities, which build upon the FAFSA College Support Strategy announced by Secretary of Education Miguel Cardona last week, include the following:

- Reducing Verification Requirements: In past years, the Department selected a larger portion of FAFSA applicants for colleges to verify. More recently, the Department has gradually reduced that verification rate to more effectively target verification efforts while alleviating burdens for millions of students and thousands of schools. With the implementation of the direct data exchange with the Internal Revenue Service (IRS), a change to this year's new FAFSA form, the Department is receiving the vast majority of income data directly from the IRS, which will not need to be verified.
- Suspending New Routine Program Reviews: Typically, the Department routinely conducts program reviews to confirm a college meets the Department's requirements for institutional eligibility, financial responsibility, and administrative capability. The Department will suspend all new program reviews through June 2024, except for those related to the most serious issues like suspected fraud or a severe breach of fiduciary duty.
- Providing Flexibility on Recertification: Institutions are currently required to recertify eligibility for federal student aid programs no later than 90 days before their Program Participation Agreement (PPA) expires. The Department will waive that 90-day requirement for schools whose PPA expires in March, June, or September 2024, meaning these schools have until their expiration day to submit a recertification application.

By February 16th, the Department said that it will also release test versions of Institutional Student Information Records (ISIRs) for schools to prepare their systems and launch open-source tools to support institutions using test ISIRs. The strategy also includes an additional $50 million in federal funding for technical assistance to support institutions in the roll out of the new FAFSA. The Department said it would be deploying federal personnel to help under-resourced schools,and provide funding to non-profit groups specializing in financial aid support.

S&P Global Says FAFSA Delays Will Be Most Challenging to Colleges With Significant Enrollment of Low-Income Students

This week, S&P Global Ratings said that ongoing delays with the 2024-2025 Free Application for Federal Student Aid (FAFSA) will be most challenging to colleges that enroll significant numbers of low-income students and those who qualify for Pell Grants. The company said that the condensed timeline of the new FAFSA release and the difficulties with the roll-out will not affect colleges equally, with minority-serving institutions and those with more low-income students likely to have a harder time issuing accurate aid offers while moving quickly. S&P said that delayed student decisions could result in more deposits coming in later than usual forcing some colleges to make last-minute adjustments to their fiscal year 2025 budgets. The FAFSA hold ups will also cause uncertainty about fall 2024 enrollment estimates and tuition revenue projections, which will disadvantage lower-resourced colleges. The company also predicted that more colleges will postpone their financial aid and commitment deadlines in response to FAFSA delays. “It could be that some schools with greater resources extend financial offers before receiving the FAFSA information, as a competitive edge for fall matriculation,” the credit rating agency said. However, this approach could result in colleges and universities overspending on financial aid. For more coverage, see this article from Higher Ed Dive.

Foxx Says She Will Not Seek Another Term as Chair of House Education and the Workforce Committee

This week, House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) addressed the Community College National Legislative Summit where she announced that she would not seek another term as chair of the committee. Chairwoman Foxx chaired the committee between 2017 and 2019 and returned to the role in 2023 when Republicans reclaimed control of the U.S. House of Representatives. She is stepping down as Chair due to the expiration of a waiver of Republican Conference rules limiting the number of consecutive terms a Chair or Ranking Member can serve to no more than three teams. Her current term ends in January 2025. Although she will not seek another term as committee chair, Chairwoman Foxx said that she intends to run for reelection to the House. During her remarks to community college leaders, Chairwoman Foxx told attendees that her “work is not quite finished..While steering the committee can sometimes be frustrating and often messy, it’s always been rewarding to work with education advocates like yourselves.” For additional coverage, see this article from Higher Ed Dive.

NACUBO Releases Latest College Endowment Report

This week, the National Association of College and University Business Officers (NACUBO) released its latest NACUBO-Commonfund Study of Endowments, which found that endowment returns were up 7.7 percent for Fiscal Year (FY) 2023. This marks a reversal in last year's trend when returns fell by eight percent in FY 2022. The report notes that, despite a difficult start to FY 2023, institutions rebounded sharply which was attributed to "strong returns in public equity markets globally" during the last nine months of the year. While this marked improvement from FY 2022, FY 2023 returns do not come close to the FY 2021 levels where the average endowment increased by 35 percent. Some specific findings of the report include:

- The institutions with the biggest endowments maintained their status this year, with no changes among the top five. The largest endowments represented in the study belong to Harvard University ($49.5 billion), the University of Texas system ($44.9 billion), Yale University ($40.7 billion), Stanford University ($36.5 billion) and Princeton University ($34 billion).
- Of the participating institutions, 142 colleges and universities had an endowment valued over $1 billion but the vast majority of colleges had a medium endowment valued at $209 million and one-third of participants had an endowment under $1 million.
- In FY 2023, smaller endowments fared better than large ones, but large endowments are still faring well on long-term investments. For institutions with endowments valued at more than $5 billion, returns reached 12.2 percent at the three-year mark, 9.4 percent at the five-year mark, and 9.1 percent at the 10-year mark. On the other end of the spectrum, colleges with endowments of less than $50 million saw a 7.3 percent return at the three-year mark, 6 percent at five years, and 6.5 percent at the 10-year mark.
- Institutions increased endowment spending across the board, with the average effective spending rate hitting 4.7 percent in FY 2023, up from 4 percent the year before.
- Gifts to endowments reached $13.3 billion in FY 2023. That figure is down from the $14.9 billion reported in FY 2022, when 678 institutions participated in the study.

Mapping Your Future Releases Results of Survey on Financial Aid Professionals Thoughts on the 2024-2025 FAFSA

Earlier this week, Mapping Your Future released the results of a recent survey on financial aid professionals' thoughts about the 2024-2025 Free Application for Federal

Student Aid (FAFSA). According to the survey, among all their worries about the 2024-25 FAFSA, college financial aid professionals are most concerned about the problems encountered by students trying to complete the form with more than 50 percent of the respondents indicating that the FAFSA errors and roadblocks facing students and parents were the most critical concern. The delays in ISIR [Institutional Student Information Record] testing and processing and the lack of time to prepare financial aid packages followed as top concerns and those concerns were among the most frequent answers to the question, "What would help your office right now?" and those issues also showed up in the final question asking them to share any additional comments or suggestions. Many financial aid professionals responded they needed to receive and test ISIRs in their system and were concerned about having enough time to ensure systems were working properly. Another top comment was the need for verification waivers
The informal survey was an opportunity for more than 100 financial aid professionals to share what was most urgent. Catherine Mueller, Executive Director of Mapping Your Future, said the purpose of the survey was to give financial aid professionals a chance to share their thoughts. "The survey results, while no means scientific, presented some interesting findings," said Ms. Mueller. "Rather than focusing on something to make their jobs easier, many indicated that what needs priority attention are the problems students and parents are having with the FAFSA. While a working FAFSA will make their jobs easier, it was clear that their primary concern was for students and parents."

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:

- (GEN-24-02) Applying for Title IV Eligibility for Direct Assessment (Competency-Based) Programs
- (GENERAL-24-10) Washington's Birthday Federal Holiday Processing and Customer Service Hours
- (GENERAL-24-11) 2024-25 Award Year Flexibilities and Department Letters to Presidents

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General News

The Federal Communications Committee issued a press release announcing the adoption of new federal rules to further protect consumers from unwanted robocalls and robotexts. The new rules require that robocallers and robotexters honor do-not-call and consent revocation requests within a reasonable time, not to exceed 10 business days from receipt, and codify the commission's 2015 ruling that consumers can revoke consent under the Telephone Consumer Protection Act (TCPA) through any reasonable means. It also adds to the commission's 2012 ruling that clarified a one-time text message confirming a consumer's request that no further text messages be sent does not violate the TCPA as long as the confirmation text merely confirms the called party's opt-out request and does not include any marketing information.

ADP publishes a blog examining how the return to federal student loan payment may have some organizations considering offering a benefits option that helps employees pay off their student loan debt.

Business Insider reports that some student loan borrowers have just two months left to consolidate their federal student loans to qualify for income-driven repayment adjustments and other relief provided by the U.S. Department of Education.

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