NCHER BRIEFING

Thursday, February 29, 2024

In Today's Edition

NCHER Annual Conference: Register Today to Take Advantage of Early Bird Rate!

NCHER will hold its Annual Conference on June 3-5, 2024 at the Hyatt Regency Clearwater in Clearwater, Florida. The conference, which is open and designed for everyone across the higher education finance industry, will provide attendees with ample opportunities to network, learn, and take information back home that they can use in their current jobs – from hearing about the current trends and hot topics to exploring new and potential business opportunities. The NCHER staff is currently working on a draft program agenda that will be released in a few weeks. In the meantime, all members are encouraged to register today and take advantage of the Early Bird registration rate. Hotel reservations will be available soon – members will be guaranteed a room rate of $209 per room, per night.

We look forward to seeing you for some fun and sun in Clearwater!

House Leadership Pulls H.R. 6585, the Bipartisan Workforce Pell Act, Opposition from Teachers Unions

Late last night, the House Republican leadership pulled H.R. 6585, the Bipartisan Workforce Pell Act, from consideration as Democrats began coming out against the legislation once the nation's teachers unions announced their opposition. As has been previously reported, in December, the House Education and the Workforce Committee approved H.R. 6585 in a bipartisan vote. The legislation would allow students to use Pell Grants for short-term job training programs that are as short as eight weeks, compared to the current 15-week minimum. All types of institutions of higher education, including online and for-profit colleges, would be eligible to have their programs participate, so long as they met other criteria. Earlier this week, the National Education Association (NEA) and American Federation of Teachers sent separate letters expressing opposition to the legislation. NEA and AFT said they were concerned that the bill would fund the expansion of Pell Grants by requiring the nation's wealthiest universities to pay for the costs of federal student loan balances that are not repaid by their students, including balances discharged under Public Service Loan Forgiveness or income-driven repayment plans. AFT stated that the organization supports the concept of boosting funding to short-term vocational programs but worries that the legislation would direct resources to "shoddy" training programs and potentially strain the Pell Grant budget going forward. On Tuesday, several higher education groups, led by the American Council on Education, sent a letter urging lawmakers to oppose the legislation. Business organizations, including the U.S. Chamber of Commerce, and organizations representing for-profit colleges and community colleges urged lawmakers to pass the bill. At present, the House leadership has not announced next steps.

For additional coverage, see this article from Inside Higher Education.

House Scheduled to Vote on Short-Term Continuing Resolution, Includes FAFSA Related Changes

Today, the U.S. House of Representatives passed H.R. 7463, the Extension of Continuing Appropriations and Other Matters Act, by a vote of 320-99. The bill now heads to the U.S. Senate, which plans to begin consideration shortly.

The new short-term Continuing Resolution (CR) would extend funding for six appropriations bills (covering Agriculture, Energy and Water, Interior, Transportation-Housing and Urban Development, Commerce-Justice-Science, and Military Construction-Veterans Affairs) until next Friday, March 8th, and extend funding for the remaining appropriations bills, including the U.S. Department of Education, until March 22nd. The Congressional leadership hopes that this CR, the fourth temporary extension of funding, will allow time for both the House and Senate Appropriations Committees to reach final agreement and release the legislative text of the first six bills this weekend and for both chambers to vote on the package of bills next week.

Of interest to the NCHER membership, the CR includes several changes to the Student Aid Index (SAI) as made by the FAFSA [Free Application for Federal Student Aid] Simplification Act. The student aid index is a piece of the needs analysis formula used by the FAFSA to calculate the amount of federal aid that a student can receive. The new language restricts how low a dependent student's income can be under the SAI. The SAI formula can produce a "negative income" amount for students meaning that a student can contribute less to his or her college education than students who have a positive or zero income as calculated under the formula. Students with a negative SAI are eligible for more aid than a student with a zero or positive SAI. The CR puts a floor on how low this negative income amount can be.The change would reduce the amount of federal student aid that is provided by the federal government, therefore, produces approximately $3.5 billion in savings over 10 years that the CR reallocates into the Pell Grant program.

For further coverage, see this article from The Hill.

Department of Education Announces Additional Support for 2024–25 FAFSA Implementation

On Tuesday, the U.S. Department of Education announced several updates on progress for the implementation of the 2024-2025 Free Application for Federal Student Aid (FAFSA). As part of the final steps in preparing to process FAFSA forms in the first half of March, the Department announced it would update the Student Aid Index for dependent students in order to comply with the FAFSA Simplification Act (please see the above story regarding language in the Continuing Resolution). The Department stated that the updated FAFSA will result in 7.3 million students expected to be eligible for Pell Grants in the 2024–25 award year. The Department also shared that, since the new 2024–25 FAFSA form became available on December 30th, more than 4.7 million forms have been submitted to the agency.

The Department also reiterated its technical support and assistance to institutions through the FAFSA College Support Strategy where the agency is deploying federal personnel, allocating $50 million in technical assistance and support, and providing tools to help schools prepare to process student records as efficiently as possible. Over the next week, the Department said that it will deploy support from Federal Student Aid and nonprofit organizations to lower-resourced colleges as part of its strategy. The personnel will conduct needs-assessments and provide dedicated help to schools that are preparing for, and processing, student aid offer packages. The Department said that it received over 100 inquiries from institutions and has followed up with them to identify their specific needs. The Department also said that it will send system-generated test Institutional Student Information Records or ISIRs to schools and their vendors to process student records more efficiently. The Department will continue to update additional test ISIRs and open-source tools stored in a public repository leading up to the processing date.

Kansas Attorney General Announces Challenge to Department of Education’s SAVE Plan

On Wednesday, Kansas Attorney General Kris Kobach announced that he will challenge the U.S. Department of Education’s Saving on a Valuable Education or SAVE Plan, which reduces a borrower’s monthly payment and provides an easier path to loan forgiveness. Attorney General Kobach argued that the SAVE plan exceeded the Department’s legal authority and unfairly burdens taxpayers with the cost of subsidizing and forgiving student loans. He said that he plans to file a lawsuit “by the end of March” with other states. In a Washington Free Beacon column, Attorney General Kobach expanded on his legal argument saying that the Department’s plan exceeds the statutory authority under the Higher Education Act and that the federal student loan plan amounts to a “major question” that must be resolved by Congress, not the executive branch, referring to the ascendant legal doctrine that conservatives on the U.S.Supreme Court have used to constrain the powers of federal agencies. In addition, AG Kobach suggested that he would pursue an Administrative Procedures Act claim against the plan. He wrote that the Department acted arbitrarily in setting a new, lower income threshold under which borrowers are excused from having to make any monthly payments under the plan.

Senate Republican Leader Mitch McConnell Announces He Will Not Run For Another Term As Leader

On Wednesday, Senate Republican Leader Mitch McConnell (R-KY) announced that he will not run for another term as leader. Sen. McConnell has served as the Republican leader since 2007, the longest stint in the chamber's history. Sen. McConnell indicated that he plans to serve out the rest of his Senate term which expires in 2026. Leader McConnell's announcement comes as Congress has struggled to move important pieces of legislation, such as securing additional funding for Ukraine, all year long and the senator has tried to bridge the partisan gaps between House and Senate Republicans; as Republicans have a decent chance of winning the majority in the Senate with several Democratic incumbents running in deep red states, and as former President Donald Trump is likely to become the Republican nominee for President who the senator has had an up-and-down relationship. "Believe me, I know the politics within my party at this particular moment in time. I have many faults. Misunderstanding politics is not one of them," Sen. McConnell said. Leader McConnell's influence can be seen over both the Senate Republican Conference and his home state of Kentucky, a one-time Democratic stronghold that he helped flip red.

Following Leader McConnell's announcement, Sen. John Cornyn (R-TX) announced his bid for Republican Leader. Sen. Cornyn is expected to face off against Senate Minority Whip John Thune (R-SD) and Sen. John Barrasso (R-WY) for the post. For additional coverage on the upcoming election, see this article from The Hill.

National Student Clearinghouse Research Center Data Shows Transfer Enrollment Rose in Fall 2023

The National Student Clearinghouse recently released new data showing that transfer enrollment in fall 2023 rose by 5.3 percent, which represents about 63,000 students. The number of students transferring directly from one college to another increased by 6.5 percent in fall 2023, and transfers returning after a stop-out grew by 3.7 percent year over year. The data showed large increases in transfers came from historically-disadvantaged students - Black and Hispanic students saw the biggest increase in transfer enrollment among racial and ethnic groups at 7.8 percent and 5 percent respectively. Doug Shapiro, Executive Director at the National Student Clearinghouse, stated that “these are not historically high transfer rates, but they are high compared to the last few years,...Any increase at this point is good news and is worth highlighting.” The data showed that very competitive colleges, ones that generally accept between 50 percent and 75 percent of applicants, saw the biggest jump in upward transfer students, with a 13.1 percent year-over-year increase. In fall 2022, these institutions saw a 7 percent decline. Highly selective colleges, which generally admit fewer than half of their applicants, similarly saw a 7.8 percent increase in upward transfers in fall 2023. The year before, their enrollment of upward transfer students declined 2.5 percent. Notably, a greater share of stopped-out students are changing institutions when they return to higher education. Over half of returning students, 51.2 percent, attended an institution different from the one where they last enrolled, up from 44.4 percent in 2021, according to the data.

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:

- EDconnect 8.6.1 Download for Windows
- EDconnect 8.6.1 Installation and User Guide
- (COD-24-01) 2024–2025 COD Technical Reference (Initial) Now Available
- (GENERAL-24-15) Volume 1: Student Eligibility and Volume 7: The Federal Pell Grant Program Now Available [2024-25 Federal Student Aid Handbook]
- (GENERAL-24-14) SAIG Software Upgrade for FTI Data Transmission – Availability of EDconnect 8.6.1, Updated Documentation, and Password Guidance
- (GENERAL-24-13) Additional 2024–25 FAFSA Partner Preparation Support
- 2024–2025 COD Technical Reference (Initial)
- FTI-TDCM User Guide

General News

Forbes reports that, according to the Project on Predatory Student Lending, 53,000 borrowers who claimed they were defrauded by their institution of higher education should have already received federal student loan forgiveness under the Sweet v. Cardona settlement with the U.S. Department of Education approved over a year ago. The group said the Department is in breach of its obligations.

CNBC provides further coverage of the U.S. Department of Education's negotiated rulemaking committee that approved draft regulations around financial hardship, which included 17 factors that could qualify student loan borrowers for federal student loan forgiveness.

Forbes reports that 4.3 million student loan borrowers have been approved for $0 monthly payments for the next year under the U.s. Department of Education's Saving on a Valuable Education or SAVE Plan.

The Federal Reserve Bank of Chicago recently released a Policy Brief: Is College a Worthwhile Investment? Examining the Benefits and Challenges. The brief says that, despite concerns about college affordability, research overwhelmingly supports the notion that a college education remains a worthwhile investment for most individuals. However, there are barriers to equitable access to this fundamental driver of human capital.

Higher Education Dive provides a deep dive into trends in college and university consolidation since 2016.

The Washington Post reports that some borrowers with Federal Family Education Loans have learned that they can not consolidate their loans into the Direct Loan program because the U.S. Department of Education permanently revoked insurance on their loans.

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