NCHER BRIEFING

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President Slated to Give State of the Union Address Tonight, Expected to Touch on Student Loan Forgiveness

Tonight, President Joe Biden is slated to give his State of the Union address before a Joint Session of Congress. As is customary, the White House has begun releasing several fact sheets and excerpts in advance of the speech. In Fact Sheet: President Biden Is Taking Action to Lower Costs for Families and Fight Corporate Rip-Offs, the Biden

Administration talks about reducing the cost of college and eliminating student debt and says that, as Congressional Republicans oppose student debt relief, the President is working to fix the student loan system and make sure higher education is a pathway to the middle class, and not a barrier to opportunity. The following are highlights from the fact sheet:

- Cracking down on junk fees in higher education. Each year, college students incur millions in fees or additional unseen costs for unused meal account funds and using a college-sponsored credit card or banking account. These fees and unnecessary practices cost real money and are a source of major frustration for millions of students and borrowers. The Department of Education is developing proposed regulations that would put an end to harmful fees, including non sufficient funds, maintenance, and closure fees for college banking products, and stop colleges from pocketing students' unused meal plan dollars at the end of the school year.
- Launching the most affordable loan repayment program ever. Last year, President Biden launched the Saving on a Valuable Education (SAVE) plan—the most affordable repayment plan ever. Under the SAVE plan, monthly payments are based on a borrower's income and family size, not their loan balance. The SAVE plan ensures that if borrowers are making their monthly payments, their balances cannot grow because of interest. Starting in July, undergraduate loan payments will be cut in half, capping a borrower's loan payment at 5% of their discretionary income. Already, 7.5 million borrowers are enrolled in the SAVE Plan, and 4.3 million borrowers have a $0 monthly payment. Congressional Republicans are working to repeal the SAVE program, which would raise monthly debt payments for 7.5 million borrowers.
- Forgiving nearly $138 billion in student debt for nearly 3.9 million Americans through various actions. Since taking office, the Biden-Harris Administration has approved debt cancellation for nearly 3.9 million Americans, totaling nearly $138 billion in debt relief through various actions. These actions include fixing administrative errors and flaws in the Public Service Loan Forgiveness and Income-Driven Repayment programs that prevent millions from receiving the relief that they earned. This also includes relief to borrowers whose schools suddenly closed or who were defrauded by an institution. This relief has given borrowers critical breathing room in their daily lives, allowing them to afford other expenses, buy homes, start businesses, or pursue dreams they had to put on hold because of the burden of student loan debt. President Biden remains committed to providing debt relief to as many borrowers as possible, and won't stop fighting to deliver relief to more Americans.

- Pursuing a path to deliver student debt relief to as many borrowers as possible. Following the Supreme Court's decision to invalidate the Administration's original student debt plan, the President announced that the Department of Education launched new efforts to open an alternative path to provide debt relief to as many borrowers as possible. Last month, the Department of Education released proposed regulatory text to cancel student debt for borrowers who are experiencing hardship paying back their student loans. And last year, the Department also put forward proposals to provide student debt relief for borrowers whose balances have grown because of runaway interest; borrowers who first entered repayment 20 or 25 years ago; borrowers who attended low quality programs; and borrowers who would be eligible for loan forgiveness through income-driven repayment programs like SAVE but have not applied.

For additional previews of the State of the Union, see the following articles:

- 5 things to watch for in Biden's State of the Union | The Hill
- Biden's State of the Union report card: Here's where Biden stands on last year's promises - POLITICO
- In State of the Union, Biden to sharpen contrast with Trump - Reuters
- Katie Britt to Deliver the Republican Response to Biden's State of the Union - The New York Times

Department of Education Provides Update on FAFSA ISIRs Delivery

On Monday, the U.S. Department of Education announced that it is still planning to begin processing delayed 2024-2025 FAFSAs [Free Application for Federal Student Aid] Institutional Student Information Records (ISIRs) in the first half of March. In its announcement, the Department said that it will begin transmitting batches of ISIRs in March and anticipates catching up with the majority of ISIR transmissions to institutions in the weeks following the beginning of ISIR delivery. The Department stated that, once it was fully ramped up in the ability to transmit ISIRs, it would take 2 weeks to clear the backlog resulting from FAFSAs being filed, but not processed, since January. New applications filed after the processing begins will be added to the back of the queue. The Department said that its goal is to return to more normal FAFSA turnaround times of three to five days. The Department also said that ISIRs will be sent to schools and the state of residence that the applicant provided on the FAFSA, and online forms will be prioritized for processing first, followed by paper forms. Finally, the Department indicated that the Student Aid Index (SAI) calculation for federal financial aid will reflect the updated SAI tables and the language in the Extension of Continuing Appropriations and Other Matters Act, which set the calculation for dependent student income at no lower than -$1,500.

CFPB Names Julia Barnard as New Student Loan Ombudsman

Earlier this week, the Consumer Financial Protection Bureau (CFPB) announced that Julia Barnard will serve as the next Student Loan Ombudsman, taking over for Robert Cameron who was appointed in 2019 by then-Treasury Secretary Steven Mnuchin. Mr. Cameron has been on detail as a Senior Adviser to the U.S. Department of Education's Office for Federal Student Aid since November. Previously, Ms. Barnard worked as a markets and policy analyst and on issues related to campus banking products at the CFPB. Before joining the CFPB, she was a researcher and co-lead of the student loan team at the Center for Responsible Lending.

Democratic Senators Send Letter to Secretary Cardona Expressing Concerns Over FAFSA Rollout

Earlier this week, Senate Democrats, led by Sen. Alex Padilla (D-CA) and Senate Health, Education, Labor, and Pensions Committee Chairman Bernie Sanders (I-VT), sent a letter to Secretary of Education Miguel Cardona expressing concerns over the U.S. Department of Education's rollout of the new Free Application for Federal Student Aid (FAFSA). In the letter, the senators express continued concern about the Department's plan to address the ongoing error that does not allow for contributors without a Social Security Number (SSN) to complete the FAFSA, the impact of the error, and how any remedies will be communicated in a culturally relevant manner to impacted students, institutions of higher education, and other student financial aid stakeholders. "We are concerned that without clear direction from the Department, these students will miss out on opportunities and not be able to finance their higher education" they write in the letter. The letter requests that the Department respond to a series of questions regarding the timeline for fixing the SSN issue and its plans for communicating any changes and other fixes by March 12. The senators l also urge the Department to provide a comprehensive, easy-to-find Frequently Asked Questions website link and document that is timely, easily understood, and culturally relevant to provide much-needed clarity on what students with contributors who do not have a SSN can expect and how they can navigate making updates to their applications.

Fitch Issues Warning FAFSA Delays Put Private Colleges at Risk

Fitch Ratings issued an alert warning that delays in processing financial aid applications could threaten the credit or viability of small private colleges that serve students who are low-income or come from underrepresented groups. In its analysis, Fitch wrote that the delay in the FAFSA [Free Application for Federal Student Aid] is just one of several factors that are increasing financial pressures on these colleges; other pressures include the U.S. Department of Labor's effort to make more employees eligible for overtime, a new process for mergers and acquisitions, and the U.S. Supreme Court's decision this past June to end race-conscious admission. Fitch wrote that fiinancial stress in the higher education sector spiked during calendar year 2023 with a record high number of new impairments (payment and technical defaults) among the sector's bond issuers and that issuers with newly impaired debt in 2023 served very high percentages of minority and low-income students, averaging 55 percent non-White enrollment and 48 percent federal Pell Grant recipients among first-time undergraduates in fall 2022.

Fitch also wrote that the FAFSA delay is forcing many colleges to push back timelines for sending financial aid packages to students until late March or April. The ratings agency says that this puts colleges at risk of losing admitted students to competitors with lower sticker prices or to colleges that can afford to commit financial aid or merit funds to students before knowing FAFSA results. Deposit rates are down as some students postpone college decisions pending receipt of their financial aid offers, while other students may consider foregoing college altogether. For colleges that are almost solely dependent on student-generated revenues, this enrollment uncertainty is causing significant strain on already tight budget planning for the upcoming fiscal year.

Department of Education Concludes Negotiated Rulemaking on Institutional Quality and Program Integrity

Today, the U.S. Department of Education completed the third and final negotiated rulemaking session of its Institutional Quality and Program Integrity Committee tasked with examining federal rules on accreditation, cash management, state authorization, distance education, return of Title IV funds (R2T4), and the Federal TRIO program. At the end of the negotiations, the committee achieved consensus on the Department's regulatory proposal to expand Federal TRIO program access to undocumented students, but failed to reach consensus on cash management, R2T4, state authorization, distance education, and accreditation. With a large share of the Department's regulatory language garnering opposition, at times, the negotiation sessions were acrimonious with many of the institutional negotiators questioning the Department's reasoning for the proposed language and asking for detailed evidence of wrongdoing to justify additional regulation. Now, the Department will be able to draft its own Notice of Proposed Rulemaking (NPRM) on each of the issues (other than TRIO) for release and public comment; the latest Unified Agenda indicates the NPRM will be released in October.

Federal Reserve Releases Consumer Credit Report for January 2024

Today, the Federal Reserve released its Consumer Credit - G.19 Report, which showed that consumer credit increased at a seasonally adjusted annual rate of 4.7 percent in January 2024. For the month of January, revolving credit (mostly credit card debt) increased at an annual rate of 7.6 percent, while non revolving credit (mostly auto loans and student loans) increased at an annual rate of 3.6 percent. Total outstanding consumer credit stood at $5.039 trillion at the end of January, up $19.5 billion.

Department of Education Imposes $14 Million Fine Against Liberty University

On Tuesday, the U.S. Department of Education announced that its office of Federal Student Aid (FSA) would impose a $14 million fine as a result of a settlement agreement with Liberty University for material and ongoing violations of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act including with respect to its published crime statistics and treatment of sexual assault survivors. As a part of the settlement, Liberty agreed to spend $2 million over the next two years for on-campus safety improvements and compliance enhancements. Progress on that work will be audited by an a outside accounting firm. The Department will also conduct its post-review monitoring of Liberty through April 2026 to ensure that the school executes on promised improvements. In May 2023, FSA's Clery Group issued a program review report identifying significant violations of the Clery Act by Liberty University. Liberty provided FSA more information in response to the program review report. This week, FSA issued a Final Program Review Determination letter that upholds 11 findings in the program review report. Some of the findings include failure to develop and implement an adequate compliance program between 2016–23, failure to comply with Violence Against Women Act requirements, failure to identify and notify campus security authorities and to establish an adequate system for collecting crime statistics from all required sources, failure to issue emergency notifications in accordance with federal regulations, and failure to publish and distribute Annual Security Report in accordance with federal regulations. This is the largest fine ever imposed for violating the Clery Act, which requires institutions to provide important information about public safety issues to current students, parents, employees, prospective students and employees, and the public postsecondary schools participating in the federal student aid programs.

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:

- EDExpress 2024–25, Release 1.0 Desk Reference
- EDExpress 2024-25, Release 1.0 Cover Letter
- EDExpress 2024-25, Installation Guide
- EDExpress 2024-25, Release 1.0 Software Full Download
- (GENERAL-24-18) OUTAGE ALERT – StudentAid.gov Maintenance on March 8, 2024
- (GENERAL-24-17) Details of 2024-25 FAFSA Initial Institutional Student Information Records (ISIR) Delivery and Update on Support for Institutions and Vendors
- (EDESUITE-24-01) Availability of EDExpress for Windows 2024–25, Release 1.0
- Comment Request: U.S. Department of Education Pre-Authorized Debit
- Account Brochure and Application

General News

The Hill reports on recent testimony provided by Federal Reserve Board of Governors Chair Jerome Powell before the House Financial Services Committee. "We're doing the best of anybody," the Chairman said in discussing the nation's economic outlook

Forbes reports that there are five major federal student loan forgiveness dates coming up that student and parent borrowers should be aware.

Higher Education Dive reports that the National Association for College Admission Counseling released a public directory showing which member institutions have pushed back key dates amid federal financial aid delays.

The Hill reports that conservatives are struggling to find legal avenues against the U.S. Department of Education's recent loan forgiveness initiatives, such as the Saving on Valuable Education or SAVE Plan.

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