NCHER BRIEFING

Thursday, May 23, 2024

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NCHER Offices Closed for Memorial Day, Briefing Returns on Tuesday

The NCHER offices will be closed on Monday, May, 27, 2024 in commemoration of Memorial Day. The offices will reopen, and the NCHER Briefing will resume its coverage, on Tuesday, May 28, 2024.

Department of Education Approves Additional Federal Student Loan Forgiveness for PSLF, IDR Adjustment

Yesterday, the U.S. Department of Education announced the approval of $7.7 billion in additional student loan forgiveness for 160,500 borrowers with federally-held loans. The discharges are for three categories of borrowers:

- $5.2 billion for 66,900 borrowers through fixes to the Public Service Loan Forgiveness (PSLF) Program. The Department has now approved $68 billion in forgiveness for more than 942,000 borrowers through PSLF.
- $613 million for 54,300 borrowers who signed up for the Saving on a Valuable Education (SAVE) Plan. The relief will go to borrowers enrolled in the SAVE Plan who had smaller loans for their postsecondary studies. Borrowers can receive relief after at least 10 years of payments if they originally borrowed $12,000 or less.
- $1.9 billion for 39,200 borrowers through administrative adjustments to Income Driven Repayment (IDR) counts. The Department has now approved $51.0 billion in IDR relief for more than 1 million borrowers.
- The Department says that new borrowers have already begun receiving emails informing them of their approvals. Their relief will be processed in the following weeks.

House Majority Leader Scalise Outlines Summer Schedule, Focus on Appropriations Bills

On Wednesday, House Majority Leader Steve Scalise (R-LA) outlined the summer schedule for the U.S. House of Representatives, which includes a plan to pass the 12 appropriations bills that make up the federal budget in June and July, prior to the start of the month-long recess in August. Congressional observers note that the plan is ambitious and arduous considering that the House passed only 7 of the 12 appropriations bills last year; this year, swing-district Republicans will be asked to vote on budget cuts and touchy policy issues just months ahead of Election Day. Leader Scalise's schedule includes the following measures of interest to the NCHER membership:

- Week of July 22: Floor consideration of the Financial Services and General Government Appropriations Act
- Week of July 29: Floor consideration of the Labor, Health and Human Services, Education, and Related Agencies Appropriations Act

Recently, House Appropriations Committee Chairman Tom Cole (R-OK) indicated that his committee would begin assembling bills using overall funding totals that would cut non-defense programs by about 6 percent, while boosting military spending by about 1 percent, for the fiscal year that begins on October 1. Besides funding cuts for many non-defense agencies, controversial policy issues are likely to snag many of the measures.

For further coverage, see this article from Roll Call.

ACE, Higher Education Groups Send Letter to House and Senate Outlining Recommendations to Address FAFSA Challenges

Yesterday, the American Council on Education and other higher education groups sent a letter to the House Education and the Workforce Committee and Senate Health, Education, Labor, and Pensions Committee outlining several recommendations to address problems created by the recent botched rollout of the 2024-2025 Free Application for Federal Student Aid (FAFSA). The groups say that Congress should take action and advance legislation to protect students from any future harm caused by the current FAFSA delays and also improve the federal student aid system.

The letter includes the following recommendations:

- To immediately address students' financial aid needs, allow institutions of higher education to, once again, opt in to transfer up to 100 percent of their unexpended Federal Work-Study dollars to the Federal Supplemental Educational Opportunity Grant program.
- Require, and make publicly available, a long-term assessment of how the FAFSA delays have impacted low-income and other students, as well as how it has impacted institutions of higher education.
- Require, and make publicly available, a comprehensive assessment of the changes to the need-analysis formula in the FAFSA Simplification Act of 2020 on student aid eligibility, such as removing the numbers in college and modifications to the income protection allowances.
- Ensure that the FAFSA process is uninterrupted for academic year (AY) 2025-2026 and beyond.
- Establish A Hold Harmless Protection for Institutions of Higher Education That Processed Original Institutional Student Information Record. The groups say that they need clear language in statute to ensure that institutions are allowed to package financial aid using incorrect information and will not be subject to punitive

measures at some future point as a result of following the Department of Education's guidance.

- Move Up the FAFSA Deadline from January 1 to October 1. The groups say that the current FAFSA processing cycle consists of 21 total months, allowing students to begin to submit a FAFSA on October 1st prior to the start of the academic year in which they would enroll. Moving the statutory deadline to October 1st would ensure that students have ample time to complete the form, give college access organizations and counselors time to support student completion, and allow institutions to process aid awards in time for students to make the best college decisions.
- Require a Comprehensive Assessment of the Family Farm and Small Business Exclusion. The FAFSA Simplification Act removed the ability of a family farm on which the family resides and a small business with no more than 100 full-time, or full-time equivalent, employees from being excluded from assets in the need analysis formula. The groups believe this could potentially have a negative impact on students and families when calculating their student aid index (SAI) because these assets would technically be included.
- Allow for Alternate Student Aid Indexes to Ensure Maximum Aid Eligibility. The FAFSA Simplification Act of 2020 removed the ability of future alternate SAIs to be calculated. In both Section 475 and 477 of the Higher Education Act, a student who is enrolled in periods other than nine months can have their actual monthly enrollment reflected in their expected family contribution. The new need analysis formula eliminates this option and creates a situation where a student who is enrolled for three months in a program would have their eligibility for a subsidized Direct Loan based on the three-month cost of attendance but have their SAI reflect a nine-month enrollment. As a result, students enrolled for periods shorter than nine months will have less demonstrated need than when using an alternate SAI.
- Add the Housing Question Back to the FAFSA Form. The groups say that, while they enthusiastically endorse overall FAFSA simplification, there are instances in which not asking for information results in students needing to complete multiple forms, thereby undermining the goal of simplification. A pressing instance of this is the removal of the question regarding the student's housing plans for a given institution, while the institution still needs this information to complete aid packaging.
- Allow for Married Students Who Are Separated to be Considered Independent. Under the FAFSA Simplification Act, the ability of married students, whether

separated or not, to qualify as independents was removed and only a married student who is not separated can be considered as independent. If you are 23 years old and separated, you would be considered a dependent and receive a higher SAI because of different treatment in the income protection allowance formulas.

- Allow for Increased Usage of FAFSA Data. In prior award years, if a student wanted to import their tax return information into their FAFSA, they used the Internal Revenue Service (IRS) data retrieval tool. Once tax data was transferred into the FAFSA by the taxpayer, it was considered "FAFSA data" and subject to legal protections under the Higher Education Act and Family Educational Rights and Privacy Act (FERPA). Due to changes in the FUTURE Act, the Department now receives Federal Tax Information directly from the IRS. The practical effect of this prohibits existing uses of FAFSA data in ways that support low-income students, such as targeted support to Pell recipients in the application and enrollment processes; notifications of eligibility for other forms of non-Title IV federal aid or assistance; or eligibility to participate in certain federal programs such as TRIO. The groups propose to restore the prior levels of usage of this data for state higher education agencies, designated scholarship organizations, institutions of higher education, and other relevant entities to ensure that they are able to better support students.
- Reduce Income Verification Now that the IRS Transfers Data Directly to the Department. The groups propose that institutions continue to receive flexibilities around verification as currently provided for by the Department. They say continued flexibility would allow for institutions to adjust to the new FAFSA process, ensure their institutional systems are operating smoothly, and test the new data exchange between the IRS and the Department to assess the need to continue verification in its current manner. This will also allow for time to ensure that students are relieved of any unnecessary verification requirements moving forward.

National Student Clearinghouse Releases Report Showing Undergraduate Enrollment Increased This Spring

Yesterday, the National Student Clearinghouse Research Center released new Current Term Enrollment Estimates showing undergraduate enrollment increased by 2.5 percent this spring, the second spring in a row that enrollments have increased that builds on last fall's 1.2 percent bump. Most notably, the clearinghouse said that spring enrollment in bachelor's programs is up for the first time in four years at both public and private nonprofit institutions and the 2.3 percent average growth rate is higher than the fall's growth. First-year enrollment is up by 3.9 percent overall, though it fell by 1.5 percent at private nonprofit four-year institutions. Graduate enrollment was up by 3 percent this spring, reversing last year's losses. Despite accounting for only a quarter of all postsecondary enrollment, community colleges were responsible for nearly half of the growth in enrollment, with a 4.7 percent increase over last spring. For the second year in a row, undergraduate enrollment rose at Historically Black Colleges and Universities as well, and at an even higher rate: 4 percent, compared to 3.2 percent in 2023. Other key findings:

- For the first time since the pandemic, enrollments rose across all four geographic regions, including the Northeast, where first-time enrollment increased by 1.2 percent and in 44 states. The states with the highest enrollment bumps were Georgia (6 percent) and Kentucky (5 percent), and only Washington and West Virginia had declines of 1 percent or more. In Massachusetts and Connecticut, where enrollments have been declining for years and small college closures are concentrated, enrollment rose by 3.2 and 2.8 percent, respectively.
- Undergraduate enrollment rose across most major fields of study at four-year institutions, but computer and information sciences outpaced all others significantly, with nearly 10 percent increases. Enrollment in education programs—in which declines have precipitated a nationwide teacher shortage in recent years—stabilized, declining only 0.1 percent.
- Associate degrees had the biggest enrollment boost, with 4.4 percent growth, followed by certificate programs at 3.6 percent. First-time freshmen enrollment at two-year institutions rose by 6.2 percent. High school dual-degree enrollment continued its rise this spring, with another 10 percent increase accounting for 28 percent of undergraduate enrollment increases and largely driving the community college boost.
- Still, overall undergraduate enrollment remains behind pre-pandemic levels: by 3.5 percent at community colleges, which bore the brunt of the pandemic-era decline, and by about 1 percent each at public and private nonprofit four-year institutions.

National Student Clearinghouse Research Center Director Doug Shapiro said that the spring enrollment numbers are a positive sign for pandemic recovery, but he was not optimistic that growth rates will return to their peak a decade ago. "That was an all-time high-water mark for higher ed, and I don't know that anyone expects we'll get back to that level anytime soon," he said. "There are many students who were knocked off track during the pandemic, who still haven't gotten back on—and may never get back on."

For further coverage, see this article from Inside Higher Ed.

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:

- (GENERAL-24-62) Memorial Day Federal Holiday Processing and Customer Service Hours
- (GENERAL-24-61) Frequently Asked Questions Now Available on Financial Responsibility and Certification Procedures

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General News

The Federal Reserve released the minutes from the Federal Open Market Committee meeting held on January 30-31, 2024, which indicate that central bank officials do not look poised to cut interest rates anytime soon — and some are even starting to question whether borrowing costs are high enough to cool inflation further."Various participants mentioned a willingness to tighten policy further should risks to inflation materialize in a way that such an action became appropriate," according to the minutes.

The Hechinger Report examines students from four cities and how they grappled with the mess and stress of the botched rollout of the 2024-2025 Free Application for Federal Student Aid.

Higher Ed Dive profiles a recent report from the American Council on Education that details higher education's racial and ethnic disparities in college enrollment and attainment.

Inside Higher Ed highlights a new report from Third Way that asserts Hispanic-serving institutions "do more with less," often producing positive outcomes for students with less funding than other institutions.

An online version of this Daily Briefing is available to view and print from the **Daily Briefing Section** of the **NCHER e-Library**.

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