



DAILY BRIEFING

Thursday, September 22, 2022

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NCHER Webinar on the U.S. Department of Education's USDS

NCHER will hold a webinar on the U.S. Department of Education's Unified Servicing and Data Solution (USDS) next Thursday, September 29, 2022 at 11:00 am ET. Following the submission of bids to Federal Student Aid (FSA), the webinar will provide the membership with an overview of USDS and discuss FSA's financial aid architecture and contract arrangements, including both front-end assistance and loan servicing, and how they are proposing that everything fit together. The speaker will be Tom Green, Chief Executive Officer of Exeter Government Services LLC. Tom has a long history of involvement in government contracting in general, and student loan programs in particular, including at CDSI where he stood up the Direct Loan Program back in the early 1990's. For additional information or to register for the webinar, click [here](#).

FSA Releases Updated Reports on the Federal Student Loan Portfolio

Yesterday, the U.S. Department of Education's Office of Federal Student Aid (FSA) [released](#) new quarterly reports containing data on the federal student loan programs as of June 30, 2022. The reports reveal that approximately 43 million unduplicated recipients have about \$1.62 trillion in outstanding federal student loans. This represents an increase of \$26 billion in the outstanding loan balance since last year, but no change in the overall number of loan recipients. Although there have been modest increases in Direct Loan balances, the balances of loans held under the Federal Family Education Loan Program (FFELP) have been declining more rapidly, which FSA says is in part due to borrowers taking advantage of the temporary limited waiver under the Public Service Loan Forgiveness Program. As a result, the Department now directly manages 93 percent (or \$1.48 trillion) of the total federal loan portfolio.

At the end of June, 28 million borrowers whose loans were serviced by the Department were in forbearance with an additional 8 million borrowers in other non-payment statuses, such as in-school, grace, or in-school deferments. Only about 430,000 recipients have opted out of the federal student loan payment pause and, thus, were in an active repayment status. For the federally managed portfolio, enrollment in income-driven repayment plans increased slightly over the last year, to 8.7 million borrowers. Given the payment pause, no new Direct Loan borrowers entered default during the past two years. In fact, the number of cumulative borrowers in default continued to decrease; now, approximately 4.8 million borrowers are in default compared to 5.2 million borrowers one year ago. The number of defaulted FFELP borrowers has also decreased; now, 3.4 million borrowers are in default compared to 3.5 million one year ago.

Among the most interesting data points, FSA reports that \$863 billion of the total federal student loan portfolio were Stafford loans (subsidized and unsubsidized), \$95 billion were Grad PLUS loans, \$106 billion were Parent PLUS loans, and \$4 billion were Perkins Loans. FSA also reported that 5.5 million borrowers with Direct Loans owed \$16 billion in loans where the balance was less than \$5,000 while 800 borrowers owed \$240 billion of loans where the balance was \$200,000 or greater.

Sen. Hawley Introduces "Make the Universities Pay Act," Proposing Colleges Pay for Defaults

On Wednesday, Sen. Josh Hawley (R-MO) introduced the [Make the Universities Pay Act](#), which requires colleges and universities to pay a portion of their federal student loan debts that are in default. Under the bill, institutions of higher education that participate in the Federal Direct Student Loan Program would pay 50 percent of the loan balance for their student borrowers that are in default. The bill prohibits these institutions from increasing the cost of tuition to cover the expense unless there is an equivalent percentage decrease in the administrative costs for the university. The bill would also allow student debt to be discharged into bankruptcy. Under the bill, undergraduate student loan debt could be discharged five years after the first payment is due on the loan and graduate loan debt could be discharged fifteen years after the first payment is due on the loan. The bill would also require institutions of higher education to report post-graduate outcomes, mean and median earnings of their graduates and student loan default rates broken down by each degree or program of study. In his statement on the introduction of the bill, Sen. Hawley said, “For decades, universities have amassed billion-dollar endowments while teaching nonsense like men can get pregnant. All while charging extortionary tuition. Now Joe Biden wants to give away another \$1 trillion to prop up the system. That’s wrong. Instead, it’s time to put universities on the hook and give students the information they need to make informed decisions.”

U.S. Department of Education News

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

The following announcement was posted to Federal Student Aid’s Knowledge Center website:

- [\(APP-22-20\) 2023–24 Free Application for Federal Student Aid \(FAFSA®\) Form and the FAFSA on the Web Worksheet](#)

General News

[The Wall Street Journal](#) reports that Republican lawmakers and conservative groups are laying the groundwork for court battles over the next few weeks to block the White House’s executive action on federal student loan forgiveness. Related, [MarketWatch](#) reports that Republican lawmaker’s legal challenges may freeze the President’s plan for

federal student loan forgiveness in October, just before the midterm elections.

[University Business](#) reports that the future of postsecondary education enrollments looks unsettled through 2030, according to a recent report from Fitch Ratings. There are colleges and universities rising above inflation and pressure to report record numbers, but the least selective are in trouble.

[CNBC](#) reports that 54 percent of Americans say their mental health like anxiety and depression are directly related to student loan debt, according to a new survey from ELVTR.

[CNN](#) reports that the U.S. House of Representatives gave final approve to the Joint Consolidation Loan Separate Act, which will provide a student loan forgiveness fix for some divorced couples.

[Business Insider](#) reviews how student and parent borrowers can fill out the application to have their federal student loans forgiven if they were defrauded by their college or university.

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