

#### WASHINGTON UPDATE

#### March 2021

President Signs the *America Rescue Plan Act* into Law; Provision Modifying the 90/10 Rule is Included in the Bill

On March 10, 2021, the U.S. House of Representatives passed the Senate version of H.R. 1319, the *American Rescue Plan Act*, by a vote of 220-211, with all Democrats, except for Congressman Jared Golden (D-ME), voting in favor and all Republicans voting in opposition to the FY 2021 Budget Reconciliation bill. The bill was signed into law on March 11, 2021 by President Joe Biden.

On March 6, 2021, the U.S. Senate passed the FY 2021 Budget Reconciliation Bill, which included a modification to the House-passed 90/10 provision. The provision would require all "federal education assistance funds," which are likely to include certain funds received from the Department of Defense and the Department of Veterans Affairs, to count toward the 90 component of the calculation. Early in the morning of March 6<sup>th</sup>, the Senate agreed to a bipartisan amendment introduced by Senators Jerry Moran (R-KS) and Tom Carper (D-DE), which would lead to a long-term solution to this contentious issue. The Moran-Carper amendment requires the Department of Education to begin a negotiated rulemaking process no earlier than October 1, 2021, and the amendment may only take effect for fiscal years beginning on or after January 1, 2023.

The Senate bill also includes a provision, starting after December 31, 2020 through January 1, 2027, that would not count any amount discharged from a loan made for postsecondary expenses as income. Therefore, discharged loans would not be taxable. The provision covers loans for postsecondary educational expenses, including federal student loans and certain private education loans.

On February 27, 2021, the U.S. House of Representatives passed the FY 2021 Budget Reconciliation Act, known as the *America Rescue Plan* (H.R. 1319). On March 1, 2021, the Senate Parliamentarian ruled that Congressional Democrat's proposed changes to the 90/10 rule comply with the special rules of budget reconciliation and can be included in the COVID package. The Congressional Budget Office (CBO) estimated that the changes to the 90/10 rule would save \$124 million over the next decade, thus showing a direct fiscal impact, as fewer students will ultimately be enrolled in for-profit schools.

On February 9, 2021, the House Education and Labor Committee passed its piece of the budget reconciliation. The bill provides about \$40 billion for higher education, including only \$395.85 million for students attending for-profit institutions or 1 percent of the total available. For-profit institutions would get funds solely for the purposes of providing emergency grant aid for students. The funding comes as a supplement to the HEERF II funding that was appropriated



by the *Coronavirus Response and Relief Supplemental Appropriations Act* (P.L. 116-260) using the same allocation formula.

Section 2013 of the bill adds "federal education assistance funds" to the 90 portion of the 90/10 rule, but the provision did not specify how or when the Department of Education would implement these changes. This would require institutions to derive not less than ten percent of revenue from funds other than Federal education assistance funds, which are likely to include funding from the GI Bill and the Tuition Assistance funding from the Department of Defense. The Committee rejected an amendment by Ranking Member Virginia Foxx (R-NC) that would have excluded Veteran's education benefits and Department of Defense Tuition Assistance from being part of the 90/10 calculation.

# <u>President Biden Issues Executive Order Directing Secretary of Education to Reassess Title IX</u> Rules

On March 8, 2021, President Joe Biden issued an Executive Order directing the Secretary of Education to reassess the Title IX rules. "Guaranteeing Environment Free from Discrimination on the Basis of Sex, including Sexual Orientation or Gender Identity" directs Secretary Miguel Cardona to review within 100 days the Department's rules and policies to make sure they comply with the antidiscrimination policy.

Last May 2020, former Secretary of Education Betsy DeVos reversed the Obama Administration's policies on campus sexual assault and harassment by requiring colleges to hold live hearings and allow for the cross-examination of those alleging sexual misconduct. Former Secretary DeVos believed that the Obama Administration guidance in 2011 and 2014 was skewed against the accused.

#### A copy of the Executive Order is found at:

https://www.whitehouse.gov/briefing-room/presidential-actions/2021/03/08/executive-order-on-guaranteeing-an-educational-environment-free-from-discrimination-on-the-basis-of-sex-including-sexual-orientation-or-gender-identity/.

More Than 100 Members of the House of Representative Wrote to the New Secretary of Education Urging Him to Rescind Title IX Regulations

On March 2, 2021, more than 100 members of the House of Representatives sent a letter to the new Secretary of Education Miguel Cardona asking him to rescind the controversial Title IX rules promulgated by former Secretary of Education Betsy DeVos. "These regulations gut the protections for survivors of sexual violence and overburden already-strained schools struggling



amid a global pandemic." The House members ask for a stay of the enforcement of the rules, they ask for the issuance of interim guidance drawn from the earlier guidance [under President Obama] addressing Title IX protections against sexual harassment in schools.

A copy of the House members letter is found at:

https://speier.house.gov/cache/files/1/b/1be77711-5eae-4bf8-bed0-

dd59629db852/0D83F3%5B%E2%80%A6%5D985209850.2021-03-02dwc-title-ix-letter-to-cardona-

<u>final.pdf?utm\_source=Iterable&utm\_medium=email&utm\_campaign=campaign\_2058080\_nl</u> Daily-Briefing date 20210303&cid=db&source=&sourceId=.

## Dr. Miguel Cardona Sworn in as Secretary of Education after Senate Nomination

On March 1, 2021, the U.S. Senate approved the nomination of Dr. Miguel Cardona to serve as the next Secretary of Education, by a vote of 64-33, and was sworn in on March 2, 2021 by Vice President Kamala Harris. Fourteen Republicans joined the Senate Democrats to approve the nomination. Dr. Cardona was formerly the Connecticut Commissioner of Education. Dr. Cardona previously was a classroom teacher, district administrator, and assistant superintendent in the State of Connecticut. The bipartisan vote for Dr. Cardona was quite different from the contentious confirmation of former Secretary of Education Betsy DeVos four years ago.

Following the nomination of Dr. Cardona, Chair of the Senate Health, Education, Labor and Pensions Committee Patty Murray (D-WA) said:

"From early education to higher education, we need to make sure students and their families have the support they need to not only make ends meet, but to make sure every student can thrive. At this moment of crisis, Dr. Cardona is exactly the leader we need at the Department of Education to tackle these challenges. During his confirmation hearing with the Health, Education, Labor, and Pensions Committee, he demonstrated beyond a doubt that he has the experience, principles, and perspective we need for this critical role."

A copy of Senator Murray's remarks is found at:

https://www.help.senate.gov/chair/newsroom/press/senate-votes-to-confirm-dr-miguel-cardona-to-serve-as-education-secretary.



#### Congressional Democrats Unveil President Biden's Immigration Package

On February 18, 2021, Congressional Democrats introduced President Joe Biden's legislative package that would overhaul the U.S. immigration system, which includes a pathway to citizenship for individuals enrolled in the Deferred Action for Childhood Arrivals (DACA) program. The U.S. Citizenship Act of 2021 includes language from previous versions of the Development, Relief, and Education for Alien Minors (DREAM) Act proposed by Senators Richard Durbin (D-IL) and Lindsey Graham (R-SC) and would provide an expedited pathway to citizenship for those currently in the DACA program.

Senator Bob Menendez (D-NJ) and Congresswoman Linda Sanchez (D-CA) unveiled the proposal during a virtual press conference, where Senator Menendez said: "It's our vision of what immigration reform should look like...I love our Dreamers – they are as American as apple pie."

A copy of the press release, which includes the House and Senate texts of the bill and a recording of the press conference, is found at:

https://www.menendez.senate.gov/newsroom/press/menendez-snchez-introduce-bicameral-us-citizenship-act-of-2021-to-overhaul-american-immigration-system.

## Biden May Not Take Executive Action to Forgive Student Loans

On February 17, 2021, President Biden said in an appearance at a town hall meeting held on CNN that he favors modest student loan debt relief over the ambitious proposal offered by Majority Leader Chuck Schumer (D-NY) and Senator Elizabeth Warren (D-MA) to cancel \$50,000 in federal student loan debt. President Biden also told the CNN audience that he was not sure he had the authority to forgive student loan debt of \$10,000 per borrower through executive action. On February 18, 2021, speaking to reporters at a daily briefing, White House press secretary Jen Psaki said President Biden planned to hold off making any decision on student loan debt until his appointees at the Justice Department have a chance to review the issue.

President Biden also told the CNN audience that he thinks everyone should be able to go to a community college for free and "any family making under \$125,000 whose kids go to a state university they get into, that should be free as well."



#### NACIQI Recommends ACICS Lose its Recognition Status

On March 5, 2021, the National Advisory Committee on Institutional Quality and Integrity (NACIQI) recommended that the Accrediting Council for Independent Colleges and Schools (ACICS) lose the Department of Education's recognition. A senior official in the Department of Education must make a final decision within the next 90 days. ACICS can appeal the result to Secretary of Education Miguel Cardona.

In January, the Department's staff overseeing accrediting agencies concluded that ACICS had failed to meet federal standards regarding training employees to conduct site visits, failed to address conflicts of interest, and lacked the finances to sustain itself. The career staff also raised concerns about ACICS extending approval to Reagan National University, which had no students, faculty, or classrooms. Questions were also raised about ACICS' oversight of Fairfax University of America, formerly known as Virginia International University, following a state audit that questioned the institution's online education programs' quality and rigor.

ACICS President Michelle Edwards vigorously defended ACICS and said it had been unfairly targeted.

#### Secretary of Education Accepts Resignation of FSA COO

On March 5, 2021, Secretary of Education Miguel Cardona accepted the resignation of Federal Student Aid (FSA) Chief Operating Officer (COO) Mark Brown. Secretary Cardona said:

"I accepted the resignation of Federal Student Aid Chief Operating Officer Gen. Mark Brown and thanked him for his service to the U.S. Department of Education. As the nation continues grappling with economic disruptions caused by the COVID-19 pandemic, the need to deliver relief and fortify pathways to the middle class is more urgent than ever. Under my leadership, the Department of Education will work to strengthen college as a reliable pathway to the middle class while protecting students and loan borrowers. In service to our nation's students, the Department's Federal Student Aid division will renew its focus on streamlining access to and management of federal financial aid, easing the burden of student debt, and carefully stewarding taxpayer dollars. ."

Secretary Cardona said that Robin Minor, the Deputy Chief Operating Officer, will serve as the acting COO of FSA while the Administration searches for a permanent replacement.



A copy of the press release is found at:

https://www.ed.gov/news/press-releases/statement-us-secretary-education-miguel-cardona-federal-student-aid-leadership.

## ED Reminds Institutions to Inform Students about Temporarily Expanded SNAP Eligibility for Students in Need

On February 23, 2021, the Department of Education in collaboration with the U.S. Department of Agriculture reminds institutions about the temporarily expanded Supplemental Nutrition Assistance Program (SNAP) eligibility for students in need. Acting Assistant Secretary for Postsecondary Education Michelle Asha Cooper said: "No student should have to worry about where their next meal will come from while balancing their studies. Informing eligible students of these benefits can help ease that uncertainty."

The Department is also reminding institutions that they have the authority to adjust financial aid packages to account for students' and families' current financial circumstances. The outreach efforts align with President Biden's January 22, 2021 Executive Order directing all federal agencies to address the economic crisis resulting from the pandemic.

On February 23, 2021, Federal Student Aid (FSA) announced that a change in federal law has made more students temporarily eligible for the SNAP benefits. The Electronic Announcement provides information about which students may be eligible under the new, temporary exemptions, what information students or State SNAP agencies may request from institutions of higher education, and where more information is available.

A copy of the press release is found at:

https://www.ed.gov/news/press-releases/education-department-amplifies-usda-expansion-snap-benefits-help-students-pursuing-postsecondary-education-during-pandemic.

A copy of the Electronic Announcement is found at:

https://ifap.ed.gov/electronic-

announcements/022321SNAPbenefitseligiblestudsCOVID19pandemic.

#### FSA Announces Updates to StudentAid.gov

On February 22, 2021, Federal Student Aid (FSA) announced the progress it has made on the Next Gen FSA Initiative and StudentAid.gov. The Electronic Announcement summarizes the new and updated features that are now available:



- Direct Loan Entrance Counseling and Direct Loan Exit Counseling have been overhauled to include information presented in smaller modules and integration with the College Scorecard;
- Loan Simulator has been updated to pull additional program level information from the College Scorecard;
- myStudentAid Mobile App has been updated with new features, including access to the Contact Us page;
- TEACH Grant Disclosure Statement is now available electronically; and
- Borrower Defense to Repayment Application is now available in Spanish.

A copy of the Electronic Application is found at:

https://ifap.ed.gov/electronic-

announcements/022221NextGenFSAStudentAiddotgovWebEnhanceFeb2021.

#### ED Releases FY 2018 Draft Cohort Default Rates

On February 22, 2021, the Department of Education distributed the FY 2018 draft cohort default rate (CDR) notification packages to all eligible domestic and foreign schools only. The time for appealing the FY 2018 draft cohort default rates begins March 2, 2021 for all schools.

A copy of the Electronic Announcement is found at:

https://ifap.ed.gov/electronic-

announcements/022221FY2018DraftCDRDistributedFeb222021.

#### Biden Announces Under Secretary of Education

On February 19, 2021, President Biden announced several key hires to the Department of Health and Human Services (HHS), Department of Education, and the Department of Veterans Affairs. James Kvaal is the President's choice as Under Secretary of Education. James Kvaal is the president of the Institute for College Access & Success. He previously served as the Deputy Domestic Policy Advisor in the Obama-Biden White House. His work on higher education included initiatives to make college tuition more affordable, protecting students from unaffordable loans, and helping more students graduate from college. He also helped write the gainful employment rule and called for greater oversight of for-profit colleges. Mr. Kvaal's



career included senior roles at the Department of Education, the U.S. House of Representatives, and the U.S. Senate.

A copy of the announcement is found at:

https://www.whitehouse.gov/briefing-room/statements-releases/2021/02/19/president-biden-announces-key-nominees-of-his-health-and-human-service-education-and-veteran-affairs-teams/.

#### ED Announces Biden-Harris Appointees

February 25, 2021, the Department of Education announced more political appointees that will lead various parts of the Department. Included on the list is Jordan Matsudaira, who will serve as Deputy Under Secretary, Office of the Under Secretary.

A copy of the press release is found at:

https://www.ed.gov/news/press-releases/us-department-education-announces-more-biden-harris-appointees.

On February 3, 2021, the Department of Education announced more political appointees that will lead various parts of the Department. Included in the list is Michelle Asha Cooper, who will serve as Deputy Assistant Secretary, Office of Postsecondary Education, and is now serving as the Acting Assistant Secretary for Postsecondary Education.

A copy of the press release is found at: <a href="https://www.ed.gov/news/press-releases/department-education-announces-more-biden-harris-appointees">https://www.ed.gov/news/press-releases/department-education-announces-more-biden-harris-appointees</a>.

On January 21, 2021, the Department announced the senior appointees at the Department of Education.

A copy of the earlier press release is found at: <a href="https://www.ed.gov/news/press-releases/us-department-education-announces-biden-harris-appointees">https://www.ed.gov/news/press-releases/us-department-education-announces-biden-harris-appointees</a>.

#### ED Issues Reminder on Use of Professional Judgment

On January 29, 2021, the Department of Education released a Dear Colleague letter (DCL) (GEN-21-02) reminding financial aid administrators of their ability to exercise documented professional judgment when determining student eligibility for federal student aid. The DCL encourages financial aid administrators to consider special circumstances that may arise for students and families during the ongoing COVID-19 pandemic, especially if they are able to



document unemployment or reduction in work. The DCL also stated that the Department will not negatively view the increased use of professional judgment or use it as a selection criterion for a program compliance review for the 2021-2022 award year.

A copy of the DCL is found at: <a href="https://ifap.ed.gov/dear-colleague-letters/GEN2102">https://ifap.ed.gov/dear-colleague-letters/GEN2102</a>.

#### OIG Issues New Findings on Institutional Compliance and Usage of HEERF Funds

On February 26, 2021, the Office of Inspector General (OIG) issued a final report titled, "Higher Education Emergency Relief Fund Reporting Requirements," which randomly sampled 100 institutions to review their compliance with the Higher Education Relief Fund (HEERF) quarterly reporting requirements. As part of the *CARES Act*, which provided more than \$40 billion in emergency funding to higher education, institutions were required to report the use of funds they distributed, with the first report being due October 30, 2020. Subsequent reports are due quarterly and must be posted no later than 10 days after the calendar quarter.

The OIG report focused on the first quarterly report, which covered the period from the date of the first HEERF grant award through September 30, 2020. OIG could not find quarterly reports on the websites of 19 of the 100 selected schools. Follow-up communications were made, including a formal letter with a date by which a recipient must comply, or face being placed in high-risk status or have its HEERF grant terminated.

According to the OIG report, as of September 30, 2020, the 81 reporting institutions spent over \$283 million or 45 percent of the total Institutional Portion of the HEERF funds obligated to them. The top three expenditure categories for HEERF were campus safety, distance education equipment, with the majority of funds (56 percent) being spent on tuition reimbursement. The least frequently reported expenditures were for subsidized off-campus housing and subsidized food service, and the smallest amounts of funding were spent on additional class sections, internet, staff training, and subsidized food service.

A copy of the OIG report is found at: <a href="https://www2.ed.gov/about/offices/list/oig/auditreports/fy2021/i20dc0013.pdf">https://www2.ed.gov/about/offices/list/oig/auditreports/fy2021/i20dc0013.pdf</a>.

#### OIG Concludes Former Secretary of Education DeVos Acted Appropriately in ACICS Case

On March 2, 2021, the Office of Inspector General (OIG) recently released a report titled, "The Department's Recognition of the Accrediting Council for Independent Colleges and Schools as an Accrediting Agency, that found the Trump Administration officials "followed applicable policies and regulations" when they took steps in 2018 to reinstate the federal recognition of



ACICS. The OIG also concluded that an error in the Trump Administration's report on ACICS "appears to have been an honest mistake made during the editing process and was subsequently corrected when it came to the attention of the Department."

The report faults, instead, the Obama Administration for how it terminated ACICS in 2016, stating that the Administration "did not consider all available relevant information during its review as required." The report reveals problems described by a federal judge's 2018 ruling that said Department officials at the time had illegally failed to consider a large tranche of evidence submitted by ACICS.

A copy of the OIG report is found at:

https://www2.ed.gov/about/offices/list/oig/auditreports/fy2021/s19t0003.pdf.

#### OIG Announces Issuance of Dear CPA Letter Extending Site-Visit Exemption

On January 22, 2021, the Office of Inspector General (OIG) announced the issuance of a Dear CPA Letter CPA-21-01, which extended the audit site visit exemption provided in Dear CPA Letter CPA-20-01 by tying its expiration to the COVID-19 national emergency. It also extends the site visit exemption to foreign school audits and attestation agreements. The limited exemption described in this letter applies to proprietary school audits and foreign school audits and attestation engagements for any fiscal years in which the COVID-19 national emergency declaration was in place on the last day of the school's fiscal year.

A copy of the OIG announcement is found at: https://ifap.ed.gov/electronic-announcements/012221IssuanceofDearCPALetterCPA210101.

<u>VA Announces Enactment of the Johnny Isakson and David P. Roe, M.D. Veterans Health</u> <u>Care and Benefits Improvement Act of 2020.</u>

On January 5, 2021, former President Trump signed into law the *Johnny Isakson and David P. Roe, M.D. Veterans Health Care and Benefits Improvement Act of 2020* (P.L. 116-315) that provides for improvement and/or expansion of various GI Bill programs.

Some relevant sections include:

Section 1015. Additional requirement for approval of educational institutions for purposes of the educational assistance programs of the Department of Veterans Affairs. This section requires an accredited institution to be eligible for participation in the federal student aid



program through Title IV of the Higher Education Act in order to be eligible to receive GI Bill funds. Effective: August 1, 2021.

Section 1018. Requirements for educational institutions participating in the educational assistance programs of the Department of Veterans Affairs. This section codifies in statute the requirements of the Principles of Excellence Program, currently in Executive Order 13607. Effective: August 1, 2021.

Section 1019. Overpayments to eligible persons or Veterans. This section adds a requirement that schools and training programs be financially responsible, instead of the students, for benefits paid directly to an educational institution pursuant to the Post-9/11 GI Bill for tuition and fees or the Yellow Ribbon program, and advance payments of initial educational assistance, without consideration of whether the overpayment was the result of the willful or negligent failure of the school. Effective: January 5, 2021.

Section 1022. VA treatment of for-profit educational institutions that convert to nonprofit educational institutions. This is a new requirement for how VA and SAAs treat an institution that converts from a for-profit to a nonprofit educational institution. Institutions are required to receive annual risk-based surveys for a period of three years after converting to a nonprofit institution. Effective: January 5, 2021.

A copy of the Fact Sheet on the education provisions is found at: <a href="https://www.career.org/uploads/7/8/1/78110552/pl\_116-315\_fact\_sheet\_002\_.pdf">https://www.career.org/uploads/7/8/1/78110552/pl\_116-315\_fact\_sheet\_002\_.pdf</a>.

# VA Releases Fact Sheet Offering Support for GI Bill Users Who are Navigating the Impact of COVID-19

In January 2021, the Office of Veterans Affairs released a Fact Sheet titled, "Are you a GI Bill student? Here's what you need to know about COVID-19." The Fact Sheet advises veterans that if their school changes their courses from resident (physically in-person) to online (distance learning), the veteran will continue to receive benefits, including the Monthly Housing Allowance (MHA), at the resident rate until December 21, 2021 or until the school returns to normal operations of resident training, whichever comes first. These protections will apply to new students as well. Further, if the school temporarily closes, the VA will continue to pay benefits through the end of the term or for 28 days after the school closure date, whichever is sooner. The Fact Sheet also describes some resources to help veterans.



## 17 State AGs Send Letter to House and Senate Supporting the Use of Executive Authority to Cancel Student Loan Debt

On February 19, 2021, 17 State Attorneys General sent a letter to the House and Senate expressing support for Senate Resolution 46 and House Resolution 100, which calls on President Joe Biden to use executive authority to cancel up to \$50,000 in federal student loan debt for all borrowers. The AGs argued that borrowers deserve and need relief from their federal student loan debt and the current repayment system and options for borrowers have proved to be inadequate.

## A copy of the letter is found at:

https://ag.ny.gov/sites/default/files/multistate letter in support of administrative student de bt cancellation.pdf.

#### Veterans Education Project Releases Research Study on the 90/10 Rule

On February 11, 2021, the Veterans Education Project (VEP) released its research study, which measured the effects that a change in the "90/10 rule" would have on veterans and the institutions that serve them. The results of the report titled "Collateral Damage, Why an Expanded 90/10 Rule is a Misguided Policy for Protecting Military Students," prepared by Jason Delisle and Cody Christensen, concluded that including military benefits in the 90/10 rule would cause about 87 institutions that currently pass such a test to fall out of compliance in the most recent year for which data is available. "Reducing the revenue limit to 85 percent and including military benefits would cause 333 institutions currently in compliance to violate the rule. These institutions represent about 5 percent and 20 percent of for-profit institutions that currently participate in the Title IV programs." These institutions collectively enroll over 100,000 students receiving GI Bill benefits or Tuition Assistance under the Department of Defense.

The report found the loss of for-profit institutions would limit the supply of seats for veterans and military students at for-profit institutions. The report also noted that there are hundreds of public institutions serving these same students, which have weaker outcomes. Finally, the report indicated that a number of high-quality for-profit institutions would fail a 90/10 rule that includes GI Bill and Department of Defense Tuition Assistance. The conclusion was that "Overall we conclude that the 90/10 rule is an antiquated and blunt input test that is concerned entirely with revenues, not what students themselves earn from their education, whether they pay their loans, or whether they graduate."



A copy of the report is found at:

 $\underline{https://veteranseducationproject.org/wp\text{-}content/uploads/2021/02/Veterans\text{-}Education\text{-}Project-Research\text{-}Study.pdf}.$ 

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