



WASHINGTON UPDATE

MAY 2023

House Republicans Advance Resolution to Repeal President Biden’s Student Debt Relief Plan

On May 10, 2023, the House Committee on Education and the Workforce voted 24-18, along party lines, to approve H.J. Res. 45, which would repeal President Biden’s plan to forgive up to \$20,000 of student loan debt. The Resolution would also invalidate the freeze on federal student loan repayments and interest. The Committee’s approval is the first step in using the *Congressional Review Act*, a tool that allows lawmakers to overturn executive branch policies with simple majorities in both the House and Senate.

Separately, the Supreme Court is weighing whether to allow student loan debt cancellation to move forward. The justices are expected to issue a ruling by the end of June or early July. The House also included a provision to block President Biden’s student loan relief as part of Speaker Kevin McCarthy’s proposal to raise the debt ceiling in exchange for a range of policy changes.

Chairwoman of the House Committee on Education and the Workforce Virginia Foxx (R-NC) said the President’s plan for student loan debt relief is “nothing more than a transfer of wealth from those who willingly took on debt to those who did not or had the grit to pay off their loans.”

A copy of the press release is found at:

<https://edworkforce.house.gov/news/documentsingle.aspx?DocumentID=409139>.

The Resolution is likely to be brought to the full House prior to the July 4th recess, where it will likely be approved along party lines. Once the Resolution passes the House, it will be sent to the Senate where there is already an identical Resolution, S. J. Res. 22, which was introduced by Senator Bill Cassidy, Ranking Member of the Senate Health, Education, Labor, and Pensions Committee.

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Cardona to Testify at Hearing on Oversight of the Department of Education

On May 16, 2023, the Committee on Education and the Workforce Chairwoman Virginia Foxx (R-NC) will hold a hearing on “Examining the Policies and Priorities of the Department of Education.” Secretary of Education Miguel Cardona will testify at the hearing.

Chairwoman Foxx said: “The wheels are falling off at the Department. Reckless spending proposals, policymaking by press release, backroom charades, and a radical vision for K-12 and postsecondary education have become the norm inside the Department.”

The announcement is found at:

<https://www.publicnow.com/view/C88AC0CB0C74DB6EB0457C9B1DF7E7E3C1A51BE2>.

Bipartisan Group of House Members Introduce *Tax Free Pell Grants Act*

On April 28, 2023, House Ways and Means Subcommittee on Tax Chairman Mike Kelly (R-PA), Subcommittee on Health Ranking Member Lloyd Doggett (D-TX), Subcommittee on Trade Chairman Adrian Smith (R-NE), and Subcommittee on Worker and Family Support Ranking Member Danny Davis (D-IL) introduced the *Tax Free Pell Grants Act*, which aims to remove financial and logistical barriers impairing students from securing higher education opportunities. The bill expands the use of Pell Grants on a tax-free basis, improves coordination with the American Opportunity Tax Credit (AOTC), and ensures students do not lose out on any AOTC benefits. “Simplifying our tax code means more in-pocket financial assistance for students seeking higher education,” said Rep. Doggett. “And this legislation would also expand eligible expenses under the existing tax credit to include computers and childcare, which have become essential in helping many students get the education they need to achieve their dreams.”

A copy of Congressman Doggett’s press release is found at:

<https://doggett.house.gov/media/press-releases/rep-lloyd-doggett-introduces-bipartisan-tax-free-pell-grants-act-strengthen>.

Bipartisan Senators Reintroduce *College Transparency Act*

On April 27, 2023, Senate Health, Education, Labor, and Pensions Committee Ranking Member Bill Cassidy (R-LA), Senator Elizabeth Warren (D-MA); Senator Roger Marshall (R-KS); Senator Sheldon Whitehouse (D-RI); Senator Chuck Grassley (R-IA); and Senator John Hickenlooper (D-CO) reintroduced the *College Transparency Act*, which ensures that

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students and families have better information as they consider higher education opportunities. The proposed bill aims to modernize the college reporting system for postsecondary education data by providing accurate reporting on student outcomes such as enrollment, completion, and post-college earnings across colleges and majors, while ensuring the privacy of individual students is securely protected. Under the updated system, institutions of higher education would report privacy-protected, student-level data to the National Center for Education Statistics (NCES), which would be responsible for securely storing student information, working with relevant federal agencies to generate post-college outcomes reports, and presenting the summary information on a user-friendly website for students and families.

Companion legislation was introduced in the House by Reps. Raja Krishnamoorthi (D-IL) and Joe Wilson (R-SC).

A copy of Senator Cassidy's press release, which includes the text of the bill, is found at: <https://www.help.senate.gov/ranking/newsroom/press/ranking-member-cassidy-warren-colleagues-reintroduce-college-transparency-act>.

House Education and the Workforce Committee Republicans Send Letter to ED Questioning its Readiness for Restart of Student Loan Repayments

On April 25, 2023, House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) and Higher Education and Workforce Development Subcommittee Chairman Burgess Owens (R-UT) sent a letter to Secretary of Education Miguel Cardona questioning whether the Department is ready to restart federal student loan repayments. The letter asks that the Department answer a series of questions, which include whether the Department has provided an overall plan of action for the restart to loan servicers.

A copy of the press release, which includes the text of the letter, is found at: <https://owens.house.gov/posts/owens-foxx-secretary-cardona-show-us-your-plan>.

House Republicans Unveil Debt Limit Legislation that Includes Spending Cuts to the Federal Student Loan Forgiveness Plan

On April 19, 2023, House Republicans, led by Speaker Kevin McCarthy (R-CA), released the *Limit, Save, and Grow Act*, which would raise the nation's debt ceiling by \$1.5 trillion through March 2024, in exchange for significant spending cuts. The plan calls for imposing caps on federal spending over the next 10 years that would, for the coming fiscal year, reduce spending by \$130 billion. Included in the numerous policy provisions, the legislation

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would block the Department of Education’s federal student loan forgiveness program, end the federal student loan repayment and collections pause, prohibit the Biden Administration from carrying out the new Income-Driven Repayment (IDR) plan proposed in August 2022, and prevent the Department from issuing significant regulations or executive actions that would increase the long-term cost of operating the federal student loan programs. It would also rescind unobligated COVID-19 relief funds.

Following the bill’s release, the White House said it will not support negotiations and urged the House to pass a simple extension. Secretary of Education Cardona released a statement that stated:

“Today, Speaker McCarthy declared that he will force a catastrophic default and plunge America into recession unless he can claw back school relief dollars and prevent millions of hardworking Americans – including over 83,000 borrowers in his own district – from getting the student debt relief they need coming out of the pandemic. It’s a shame for students and working families across the country that Republican lawmakers, many of whom benefitted from hundreds of thousands of dollars in small business loan forgiveness, continue to fight hypocritically to deny critical student debt relief to millions of their own constituents. While President Biden, Vice President Harris, and I continue working to deliver much-needed relief to borrowers working to get back on their feet after the pandemic, Speaker McCarthy’s proposal tells us everything we need to know about what he and his allies value—tax cuts for the super rich, special interests, and big corporations over support for hardworking Americans.”

A copy of Secretary Cardona’s statement is found at:

<https://www.ed.gov/news/press-releases/statement-secretary-cardona-speaker-mccarthys-debt-ceiling-proposal>.

House Democrats Send Letter to House Leaders Urging Short-Term Pell Grants to be Available to Students at For-Profit Institutions

On April 17, 2023, sixteen House Democrats sent a letter to House Education and the Workforce Committee Chairwoman Virginia Foxx (R-NC) and Ranking Member Bobby Scott (D-VA) urging them to expand Pell Grant eligibility to students enrolled at for-profit colleges. The letter was also sent to House Speaker Kevin McCarthy (R-CA) and House Minority Leader Hakeem Jeffries (D-NY). The *Jumpstart Our Business Startups (JOBS) Act*, which was introduced earlier this year, would expand Pell Grants to cover short-term programs offered by community colleges and technical colleges, but would exclude for-profit institutions. The letter stated that with the inclusion of eligibility for for-profit

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institutions, safeguards should be put in place to ensure that Pell Grants are used to help students attending high quality, short-term programs.

A copy of the letter is included in Congressman Troy Carter's (D-LA) press release and is found at: <https://troycarter.house.gov/media/press-releases/congressman-carter-calls-expanded-pell-grant-access>.

ED Announces \$42 Billion in Public Service Loan Forgiveness

On May 8, 2023, the Department of Education announced that over 615,000 borrowers have received Public Service Loan Forgiveness (PSLF) totaling \$42 billion since 2021. This is the result of the PSLF changes made by the Biden Administration that streamlined the process for borrowers making it easier for them to reach forgiveness. At the end of the previous administration, only about 7,000 borrowers had been approved for the PSLF program.

The Department also announced the implementation of improvements to the PSLF Help Tool, which borrowers use to apply for the program. These updates will allow borrowers to complete the entire PSLF application process online, and they will not need to fax or mail in their application with a wet signature.

A copy of the announcement is found at: <https://www.ed.gov/news/press-releases/us-department-education-announces-42-billion-approved-public-service-loan-forgiveness-more-615000-borrowers-october-2021>.

On May 8, 2023, ED released an announcement titled, "StudentAid.gov Enhancements and Modifications Starting April 2023," which featured additions and updates on the PSLF program. It is found at: <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-05-08/studentaidgov-enhancements-and-modifications-starting-april-2023>.

OMB Approves Gainful Employment Rule

On May 2, 2023, the White House Office of Management and Budget's (OMB) Office of Information and Regulatory Affairs (OIRA) completed its review of the federal regulatory package that includes the proposed gainful employment regulations, as well as proposed changes to the regulations on financial responsibility, standards of administrative capability, certification procedures, and ability to benefit. With the completion of this procedural step, the Department of Education will publish the proposed rules in the *Federal Register* for

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public comment. Once the public comment period is closed, ED will review the comments and determine if any changes are necessary before publishing the final regulations prior to November 1, 2023, which will be effective on July 1, 2024.

A copy of the Notice is found at:

<https://www.reginfo.gov/public/do/eoDetails?rrid=299311>.

ED Publishes Fact Sheet Estimating Impact of Effects of Republican Legislation to Raise the Debt Ceiling and Cut Federal Spending

On April 25, 2023, the Department of Education published a Fact Sheet arguing that H.R. 2811, the *Limit, Save, Grow Act of 2023*, which would raise the nation's debt ceiling and, in exchange, cap federal discretionary spending at Fiscal Year 2022 levels, would have devastating effects on the education system. H.R. 2811, passed on April 26, 2023, by a party-line vote of 217-215; four Republicans opposed the bill. "Congressional Republicans are holding the nation's full faith and credit hostage in an effort to impose devastating cutbacks that would hurt children and undermine education, raise costs for hardworking families, and set back economic growth," according to the Fact Sheet. Further, the Fact Sheet goes on to state: "And they are demanding these slashes while separately advancing proposals to add over \$3 trillion to the deficit through tax giveaways skewed to the wealthy and big corporations." The Fact Sheet said that the bill would result in the following:

- **Make College More Expensive:** A 22 percent budget cut would likely eliminate Pell Grants altogether for 80,000 students while reducing the maximum award by nearly \$1,000 for the remaining 6.6 million recipients, making it harder to attend and afford college.
- **Eliminate Student Debt Relief and Borrower Supports:** The proposal would cancel the President's student debt relief plan, keeping much needed emergency student loan relief of up to \$20,000 for more than 40 million Americans recovering from the effects of the pandemic. It would also block the creation of new, more affordable student loan payment plans.

The Fact Sheet also included state-by-state breakdowns of these potential reductions.

A copy of the Fact Sheet is found at: <https://www.ed.gov/news/press-releases/fact-sheet-house-republican-proposals-hurt-children-students-and-borrowers-and-undermine-education>.

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ED Announces One-Year Extension of HEERF Spending on a Case-By-Case Basis

On May 1, 2023, the Department of Education published a Notice in the *Federal Register* that it will offer a one-year extension to institutions of higher education who need additional time to spend COVID relief funds, on a case-by-case basis. More than 700 colleges and universities across the country have unspent funds from the Higher Education Emergency Relief Fund or HEERF, according to a filing by the U.S. Department of Education with the White House Office of Management and Budget. However, the number of colleges with unspent funds is decreasing every week, as institutions continue to spend the emergency funds ahead of the June 30, 2023 deadline. Most of the remaining money can be used by colleges for institutional purposes such as purchasing technology or replacing revenue lost due to the pandemic. Colleges will be required to submit a request for a one-year extension by June 20th, explaining why they need the extension and how they plan to use their remaining COVID relief funds. The Department said that it plans to “assiduously determine” that colleges seeking an extension have a plan to address the lingering effects and impacts related to COVID-19.

A copy of the Notice is found at:

<https://www.federalregister.gov/documents/2023/05/01/2023-09185/agency-information-collection-activities-comment-request-heerf-no-cost-extension-nce-request-form>.

OPE Releases Additional 90/10 Questions and Answers

On April 25, 2023, the Office of Postsecondary Education (OPE) released more Questions and Answers to the 90/10 portion of this website:

<https://www2.ed.gov/about/offices/list/ope/policy.html>.

The direct link to the Qs&As is found at:

<https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/90-10-q-and-a.html>.

ED Releases New College Scorecard Tool to Help Students Make College Decisions

On April 25, 2023, the Department of Education announced several updates to the College Scorecard to help students, families, educators, counselors, and other college access professionals make decisions when choosing a college or university to attend. Currently, the College Scorecard provides information on college costs, student debt, graduation rates, admissions test scores, and acceptance rates, student body diversity, and post-college earnings. The recent update includes data on the median earnings of former graduates four years after completion of their requisite requirements from their field of study. In addition,

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new demographic data, including race/ethnicity data for full-time college staff and student-to-faculty ratios and greater information for graduate students are provided.

According to the announcement, the updates reflect the Department's commitment to continuously improve the College Scorecard so that it works for prospective students and families; to maintaining open and accessible postsecondary education data; and to promoting greater engagement in and awareness of postsecondary outcomes.

A copy of the announcement is found at:

https://blog.ed.gov/2023/04/updated-college-scorecard-will-help-students-find-high-value-postsecondary-programs/?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=.

FSA Awards New Contracts to Five Companies to Serve Borrowers, Reduce Delinquency, and Improve Accountability

On April 24, 2023, Federal Student Aid (FSA) announced it has signed contracts with five companies to modernize and enhance loan servicing for more than 37 million borrowers with federally managed loans. Central Research, Inc.; EdFinancial Services; Maximus Education, LLC; Missouri Higher Education Loan Authority (MOHELA); and Nelnet Diversified Solutions received contracts through the Unified Servicing and Data Solution (USDS) solicitation and will implement much-needed improvements to better serve borrowers. According to the press release, this new loan servicing environment is part of the Biden-Harris Administration's sweeping efforts to improve the student loan repayment system and help all borrowers successfully manage their debt.

These awards are the first step toward implementing the Department's new servicing environment next year, which will be FSA's long-term loan servicing solution. The new environment is designed to provide federal student loan borrowers with a high-quality customer experience and to deliver support for at-risk borrowers so that all borrowers can take advantage of the most affordable ways to repay their loans, avoid default, and claim loan forgiveness, if they are eligible for it. Vendor accountability is a central goal of the new servicing contracts, which provide rewards for better customer outcomes and impose consequences for failing to meet expectations.

A copy of the announcement is found at: <https://www.ed.gov/news/press-releases/us-department-educations-office-federal-student-aid-awards-new-contracts-five-companies-serve-borrowers-reduce-delinquency-and-improve-accountability>.

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FTC Stops Student Loan Debt Relief Schemes

On May 8, 2023, the Federal Trade Commission (FTC) announced that it has stopped a pair of student loan debt relief schemes that bilked students of about \$12 million by using deceptive claims about repayment programs and loan forgiveness that did not exist. The FTC also said the companies falsely claimed to be affiliated with the Department of Education and told students that the illegal payments the companies collected would count toward their loans. The two companies are SL Finance LLC and its owners and BCO Consulting and SLA Consulting and their owners.

A copy of the press release is found at:

<https://consumer.ftc.gov/consumer-alerts/2023/05/ftc-halts-two-student-loan-debt-relief-schemes>.

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