

# The Federal Update for April 22, 2022

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Re: Federal Update

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[News 1](#_Toc101514713)

[Republican Governors Push Back Against Charter School Proposal 1](#_Toc101514714)

[Legislation and Guidance 2](#_Toc101514715)

[Administration Unveils Plan to Move More Borrowers Toward Loan Forgiveness 2](#_Toc101514716)

*Congress is currently in recess and will return to session on Monday, April 25th.*

##  News

### Republican Governors Push Back Against Charter School Proposal

Republican governors from eighteen States are asking Secretary of Education Miguel Cardona to withdraw a proposed rule for the Charter School Grant program that would add additional requirements for charter school operators applying for funding and place new limitations on for-profit entities’ involvement in operating charter schools.

One of the proposed changes would require funding applicants to conduct a community impact analysis, including ensuring the charter would not impede any active desegregation orders and that there is sufficient community support for the school. The governors ask for that provision to be removed from the proposal and for the U.S. Department of Education (ED) to delay implementation of other proposed changes by one fiscal year. Further, the governors request an extension of the 30-day public comment period, which ED extended by five days earlier this month, and closed April 18th.

The letter claims that, contrary to the administration’s justification for the proposed changes, the rule would “exacerbate inequities in our education system by reducing federal support for high-quality choices available to millions of low-income families.” In addition, the letter states that the governors “oppose any attempts by the federal government to act as a national charter school board…”

As currently written, the final grant priorities, once published, will take effect for fiscal year 2022 grants, which will be distributed for the upcoming 2022-2023 school year. ED must review stakeholder comments on the proposal and finalize the grant priorities before they may take effect.

Resources:

Juan Perez Jr., “GOP governors demand changes to Biden administration charter school plan,” *Politico*, April 18, 2022.

Author: KSC

## Legislation and Guidance

### Administration Unveils Plan to Move More Borrowers Toward Loan Forgiveness

The Biden administration announced on Tuesday that it would make changes to existing student loan repayment plans, making it easier for borrowers to have their loans forgiven at the end of an income-driven repayment program.

Under income-driven repayment programs, borrowers who have made regular payments for 20 or 25 years are supposed to have their loans forgiven. But the U.S. Department of Education (ED) and the administration say they recognize that the agency and loan servicers have not managed those programs well, causing borrowers to miss out on opportunities for loan forgiveness. So, ED says it will make a one-time adjustment to borrower accounts to provide credit toward loan forgiveness for any borrower who made a payment, regardless of whether they were enrolled in an income-drive repayment plan. They will also credit months in which borrowers were in long-term forbearance or deferment before 2013.

Meanwhile the U.S. Government Accountability Office (GAO) issued a highly critical audit on ED’s management of income-driven repayment plans this week. In the report – which the Washington Post called “blistering” – GAO noted that while about 7,700 loans may have been eligible for forgiveness by 2020, only 157 had actually been forgiven. GAO also noted that ED failed to ensure payments were accurately tracked until almost a decade into the implementation of the plan, and there is still no uniform procedure to verify and correct errors in older accounts. GAO said that ED has been aware of inaccuracies in reporting dating back more than a decade, when loan servicers who received transferred files complained about missing information, but a plan to review record-keeping was not implemented because of the concern of the cost and time required to manually review each loan.

Borrowers are not provided with regular account updates, GAO noted, so borrowers might have believed they were making progress but did not know that postponing payments hurts their case for forgiveness. “Unless [ED] ensures borrowers are better informed about forgiveness requirements and qualifying payment counts, [income-driven repayment] borrowers may make uninformed decisions and be unable to correct inaccurate counts, potentially delaying forgiveness,” the GAO report said.

In ED’s response to the report, the Office of Federal Student Aid agreed with the recommendations to improve the plans and said they were planning to make improvements.

The full [GAO report is available here](https://www.gao.gov/products/gao-22-103720).

Resources:
Michael Stratford, “Biden administration eases student loan forgiveness through income-based repayment plans,” *Politico*¸ April 19, 2022.
Danielle Douglas-Gabirel, “U.S. could have forgiven thousands of student loans but never told borrowers,” *Washington Post*, April 20, 2022.
Author: JCM

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