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# The Federal Update for July 7, 2023

From: Michael Brustein, Julia Martin, Steven Spillan, Kelly Christiansen

Re: Federal Update

Date: July 7, 2023

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## News

### ED to Initiate Negotiated Rulemaking for Loan Forgiveness

The U.S. Department of Education (ED) issued a notice this week announcing its intent to convene a negotiated rulemaking committee to promulgate regulations relating to the “modification, waiver, or compromise” of federal student loans under Title IV of the Higher Education Act (HEA). The administration informally announced its plan to seek an alternate HEA-based solution the same day the U.S. Supreme Court struck down the Biden administration’s plan to forgive up to $20,000 in federal student loans for eligible students.

ED will host a public hearing on July 18 to gather feedback on the rulemaking agenda. Following the public hearing and after reviewing any written comments submitted, ED will issue a notice announcing the specific topics to be considered by the negotiated rulemaking committee and begin accepting nominations for individuals to serve on the rulemaking committee. The student loan payment pause will terminate at the end of August, with first payments resuming in October, so the administration will need to work quickly in order to get any new loan forgiveness system in place before the fall.

In response to the Supreme Court decision last Friday, ED also announced other debt relief-related actions, including the finalization of a new income-driven repayment plan that borrowers will be able to enroll in before student loan repayments resume later this summer. That program, called Saving on a Valuable Education (SAVE), will cut the percent of income that borrowers must pay from 10 percent to five percent, forgive loans after 10 years for borrowers who originally had $12,000 or less in loans, and provide other flexibilities. Borrowers who are already enrolled in a Revised Pay-As-You-Earn plan will automatically be enrolled in the new program. ED is also implementing an “on ramp” program when student loan payments restart later this year that will ensure “financially vulnerable” borrowers do not face penalties if they do not make full payments between October 1, 2023 and September 30, 2024.

[The *Federal Register* notice on the negotiated rulemaking is available here](https://public-inspection.federalregister.gov/2023-14329.pdf).

Author: KSC

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Posted by the California Department of Education, July 2023  
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