

# The Federal Update for August 26, 2022

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Re: Federal Update

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## Legislation and Guidance

### Lawmakers Request Data on School COVID Relief Spending

Republicans on the House Committees on Education and Labor and Oversight sent a letter Thursday to Secretary of Education Miguel Cardona requesting information regarding the use of COVID-19 stimulus funding to address the impact of school closures and remote learning on students.

In the letter, Republican members note a decline in academic achievement for students, as well as an increase in mental health challenges, as a result of remote learning and school closures during the COVID-19 pandemic.  In addition, the letter discusses reports that school districts are not spending down their pandemic relief funding or not spending it on “student-facing” initiatives, such as hiring “a Director of School Climate and Culture.” Instead, the letter states, some schools are using COVID-19 relief funding on “pet projects that will not benefit students or put them back on the path to academic success.” The letter also suggests inappropriate influence of teachers’ unions on federal policymaking at both the U.S. Department Education (ED) and the Centers for Disease Control, with teachers’ unions encouraging the continuance of remote learning “despite clear indications of harm to students’ mental and academic fitness.”

The members request a list of varying documents and data from ED as part of their oversight efforts, including guidance and memoranda on the use of COVID-19 funds, communications between ED staff and any teachers’ unions relating to school reopenings, and communications and documents relating to the use of funds for evidence-based learning loss initiatives, among other documents.

The letter is signed by the Ranking Members of both Committees, along with Republican members of both of those committees. [The letter is available here](https://republicans-edlabor.house.gov/uploadedfiles/2022-08-25_letter_to_dept_of_education_re_school_closures_and_covid_money.pdf).

Author: KSC

### Biden Administration Announces Student Loan Forgiveness

On Wednesday the White House and the U.S. Department of Education (ED) announced a widescale loan forgiveness effort for borrowers of federal student loans.

Under the proposal, borrowers with an individual income of less than $125,000 annually ($250,000 for a married couple) would be eligible for $10,000 in loan forgiveness. Borrowers who were also Pell recipients could receive an additional $10,000 for a total of $20,000, and parent PLUS loans would also be eligible for up to $10,000 of loan forgiveness. A fact sheet from the White House said that more than 60 percent of borrowers – about 27 million people – are Pell recipients and will be eligible for $20,000 in relief.

According to a memo released by ED, the 2003 Higher Education Relief Opportunities for Students (HEROES) Act gives it the authority to waive or modify the rules regarding federal student debt during a national emergency. A more detailed memorandum from the U.S. Department of Justice argues that the national emergency has caused financial harms to borrowers – a different take from a memo issued by the Trump administration’s DOJ in January 2021. But Republicans in Congress say the President lacks the authority to provide such sweeping relief without explicit reauthorization, and the administration has indicated that it anticipates lawsuits on the topic. In addition, some commentators said that the forgiveness process was “unfair” to those borrowers who had already paid back their loans, as well as taxpayers who would cover the cost of forgiveness. Still, others say this amount of forgiveness doesn’t go far enough, especially for low-income borrowers who are tens of thousands of dollars in debt.

The White House also said that it would extend the moratorium on monthly student loan payments for the “final time” through December 31 to give loan servicers and borrowers time to prepare for the resumption of payment. A new proposed income-driven repayment option would cap monthly payments at 5 percent of the borrower’s discretionary income – as opposed to the current 10 percent – and would allow loan forgiveness after 10 years of payments, rather than 20, for those borrowers with original balances of $12,000 or less. Interest would be included in estimated payments and forgiveness, so that borrowers with a monthly payment of $0 would not see interest compounded. Finally, the administration will propose a formal regulation stating that borrowers who have worked at a nonprofit, in the military, or in federal, State, tribal, or local government will receive appropriate credit toward Public Service Loan Forgiveness. Under the current system, many borrowers say they have been surprised to find out that their work history does not qualify, or get mixed messages from their loan servicers.

ED said that it would announce details and share applications for loan relief “in the weeks ahead,” and would automatically cancel debt for some borrowers whose income data is readily available to agency. But cancellation will be a heavy lift – demand for more information crashed several websites when the plan was first announced this week.

The [White House Fact Sheet is available here](https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/).

Author: JCM

## News

### ED Upholds Decision to Terminate ACICS

The U.S. Department of Education (ED) made a decision this week to uphold the agency’s prior termination of recognition of the Accrediting Council for Independent Colleges and Schools (ACICS). ACICS’ recognition status has been plagued with controversy over the years, with the recognition being terminated in 2016, restored under the Trump administration, and terminated once again last year.

ACICS was the accreditor for the now-defunct for-profit chains Corinthian Colleges and ITT Tech – both of which were found to have defrauded students. Congressional Democrats have long been opposed to ACICS’ recognition by ED, supporting the accreditor’s termination. Twenty-seven colleges are currently accredited by ACICS, and ED will provide those institutions 18 months to seek out approval from a new accreditor. If that timeline is not met, those colleges will no longer be eligible to participate in federal student aid programs.

ACICS appealed the Biden administration’s initial June 2021 decision to terminate its recognition. Deputy Secretary Cindy Marten made the final decision on appeal, as opposed to Secretary of Education Miguel Cardona, as ACICS raised concerns regarding bias after Cardona stated in Congressional testimony, prior to any decision from ED on ACICS’ status, that he opposed ACICS’ recognition. In response to this week’s decision, ACICS indicated that it may appeal the decision to federal court.

Resources:

Michael Stratford, “Biden administration upholds termination of accreditor of for-profit colleges,” *Politico Pro*, August 19, 2022.

Author: KSC

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