

NASFAA's "Off The Cuff" Podcast - Episode 175 Transcript

Justin Draeger:

Hey, everyone, welcome to another edition of Off the Cuff. I'm Justin Draeger.

Karen McCarthy:

I'm Megan Coval with our policy team.

Megan Coval:

And Karen McCarthy also with our policy team.

Rachel Gentry:

And I'm Rachel Gentry also with our policy team.

Justin Draeger:

We will have Jill and Allie back with us next week. But for right now, we are doing a special episode today. We're going to do a bit of a deep dive into FAFSA simplification.

Justin Draeger:

Now before I lose anyone because you might feel like we've been talking about FAFSA simplification for, I don't know, a decade. There is good reason for us to be doing this. There are things happening on Capitol Hill.

Justin Draeger:

And like Congress is apt to do anymore. They take four months of legislating, cram it into a week and a half. And so, there is a lot happening on Capitol Hill before they exit for the holidays. And one of those things is FAFSA simplification. We'll talk about the state of play a little bit later today.

Justin Draeger:

Really, this shouldn't come as much of a surprise. I know folks who listen to this show regularly know that Senator Alexander said right up front that he was going to make a push in the lame duck session of Congress for additional FAFSA simplification. In fact, Owen, our producer today, maybe we can go back and actually hear from Senator Alexander himself when he was on this podcast in October.

Sen. Alexander:

I would go to your member of Congress or Senator at home. We all go home, particularly these days. And I would take five or six students and I would ask for 15 minutes. And I would show the member of Congress, one, how much of a problem this is, especially for low income students. And second, how much agreement there is about fixing this. And say there's no reason not to finish doing it now.

Sen. Alexander:

We've often done some pretty good things in the lame duck session after the politics is out of the way for a little while. So I would ask for that appointment now. Have it after the election and bring the students.

Justin Draeger:

All right. So that's straight from the legislator's mouth. That clearly he was doing a call to action for us, for college access advocates. People who have been working on FAFSA simplification for a long time. That this is the time. And to that end, there is action happening. But before we get into all that, I think we should start with a retrospective in terms of where we've come on FAFSA simplification.

Justin Draeger:

For folks, not our members, obviously, who might not be paying attention, when you see legislation moving really quickly, you might assume that this is all moving too fast. There hasn't been enough conversation about this. We haven't dug into these issues.

Justin Draeger:

And the fact of the matter is just a little bit different. I'm going to go back to 2014, Nashville, Tennessee. Karen and Megan, you were at the conference in Nashville. Rachel, that was before you started working here so you're excused.

Justin Draeger:

At that conference, Senator Alexander came and spoke to 2500 financial aid administrators and college advocates. And he proposed a two question FAFSA and it was a just a gross income and family size. And of course, that elicited gasps from the audience.

Megan Coval:

Yes.

Karen McCarthy:

Yeah, that went over like a lead balloon if I remember.

Megan Coval:

But he did have his paper FAFSA.

Justin Draeger:

That's right. He had his paper FAFSA that he did unfurl. And yeah, and in fact, he, to his credit, he took questions from the audience. And I remember asking him, first of all, to know Senator Alexander, you have to know ... Megan, you were going to meet him and escort him and his team in. And he did not have a badge to actually get in.

Megan Coval:

The ticket taker, he was with me, and told me that he couldn't come in. And I was like, "Oh no. Ma'am, this is a sitting US Senator, I'm going to take him in with me."

Karen McCarthy:

I forgot that.

Megan Coval:

She was doing her job.

Justin Draeger:

There are only a hundred of these people in the entire country and this is one of them and he has to come in.

Megan Coval:

Yeah, yeah.

Justin Draeger:

But he didn't wait. He just was like, "All right, I don't have time for this nonsense."

Megan Coval:

Yeah.

Justin Draeger:

And then, to his credit, he took questions. And he got several questions from our audience about this two question FAFSA. Maybe a little bit to his surprise because he has been such an ardent supporter of simplifying the FAFSA that, of course, you go to the extreme and you say, "Two questions, that's all we need."

Justin Draeger:

And while that might be true for the vast number of Pell recipients, there are lots of other forms of aid, including institutional and state aid that make that unreasonable.

Justin Draeger:

So anyway, after that conference, we started doing more work with Senator Alexander's office directly. And Rachel, we started a task force. Again, this was a little bit before your time, but this was a launching off point for us to have serious conversations about FAFSA simplification.

Rachel Gentry:

That's right, yeah. So this group came together in 2015. Like you said, Justin, in response to some of the comments that Senator Alexander made. And trying to think through the need to balance simplification with program integrity.

Rachel Gentry:

So the group put together a report with recommendations around what NASFAA's approach to FAFSA simplification would be. And this group's report has really guided our advocacy in this area. So it's a long report, but to hit some of the high points, the proposal would strike about 100 questions from the form for our lowest income students.

Rachel Gentry:

And includes a three tier approach that would direct students down one of three pathways based on their tax filing status. So after answering demographic and dependency questions, an applicant would

be steered down one of these pathways so students who receive a number of different means-tested benefits or didn't file would essentially not have to provide much more information. They would basically sign their FAFSA and automatically be eligible for the maximum Pell grant and their FAFSA would be complete.

Rachel Gentry:

And then students who did not receive one of means-tested benefits and did file tax returns would be directed down one of other two pathways which would require a bit information for that second pathway. And then the third pathway would really be asking more of the assets questions.

Rachel Gentry:

So the group felt like this is a good, this proposal would really balance the need to simplify the FAFSA, not ask students who have already proven that they are qualifying for other types of means-tested benefits, already proven that they are low income, to continue doing so.

Rachel Gentry:

And then would continue to ask for more information from students and families that we know have more information, a more complex financial situation to be sharing on the FAFSA.

Justin Draeger:

Right. So it accomplishes the things that you said up front. It's simplifying the form, particularly for low income. This is the idea of like let's stop asking poor people to continually prove to different federal and state agencies that they're poor.

Justin Draeger:

And then two, if you have complex financials, our task force of members and researchers felt like then you can answer a few additional questions. Like you have complex financials, you're used to it. And that's all right.

Justin Draeger:

So that was our launching off point. And with that, those proposals, we went back to Senator Alexander and those on the hill. We were involved in several hearings, either behind the scenes with our members or participating directly.

Justin Draeger:

And Senator Alexander and his colleagues heard us. And so we started to move away from this idea of just two questions on the FAFSA. And not exactly always mirroring our proposals, but meeting us in a compromise. And that catches us up to what? This last year, Rachel, where things started to take off again.

Rachel Gentry:

Yeah, that's right. So like you said, Justin, we had been working very closely with congressional staff in both the House and Senate. Both Democrats and Republicans on various proposals and different approaches to simplify the FAFSA, also guided by this working group's report out of 2015.

Rachel Gentry:

So we saw a lot of movement, especially last fall. So back in September of 2019, Congressman Lucy McBath of Georgia along with Congressman Garcia of Illinois introduced the Hope for FAFSA bill which was endorsed by NASFAA. We worked really closely with staff as this bill was being put together.

Rachel Gentry:

And its approach is very similar to our FAFSA simplification proposal. So it would direct students down one of three pathways, based on certain income and family characteristics.

Rachel Gentry:

And then, we also saw the provisions in that bill included in the College Affordability Act introduced last October, which was House Democrats proposal. A comprehensive HEA re-authorization proposal. So we saw NASFAA's work on this issue reflected in both that standalone bill and HEA proposal in the House.

Rachel Gentry:

And then in the Senate side, we first saw elements of Senator Alexander's current FAFSA proposal included as part of his Student Aid Improvement Act, which was a slimmed down HEA proposal that he introduced last fall. And that bill included a number of other provisions not related to FAFSA simplification.

Rachel Gentry:

But after closely analyzing the bill from last fall and the FAFSA simplification and needs analysis components of that legislation, we worked with Senator Alexander's staff to introduce a more narrowly focused bill about a month later. So I believe that was last October, which is called the FAFSA Simplification Act.

Rachel Gentry:

And it essentially pulled the FAFSA simplification and needs analysis provisions out of that more comprehensive HEA proposal that he'd introduced in September.

Rachel Gentry:

That bill had bipartisan support with Senator Doug Jones of Alabama joining as a co-sponsor. It was endorsed by both NASFAA and the NCAN, the National College Attainment Network. So again, we've seen, in both the House and Senate, we've seen NASFAA's work on FAFSA simplification. The recommendations coming out of that working group reflected in both standalone and HEA movement this Congress.

Justin Draeger:

So if you're keeping score right now, this is ideally how you would things to work. You have a legislator who's interested in one of your core issues. He or she tells you what they are thinking about it. You go back, work the issue. You bring back a proposal. And that proposal gets picked up wholly or in part in legislation.

Justin Draeger:

And Rachel, it's fair to say that on the Democratic House side, it was picked up almost entirely. On the Republican Senate side, it was picked up in part. So some of the concepts were picked up. It wasn't exactly our proposal, but it accomplishes a lot of what we hoped. And there's all these behind the scenes conversations that are happening.

Rachel Gentry:

And I think it's fair to say even though Senator Alexander's proposal isn't maybe quite as holistically just lifting NASFAA's proposal into his legislation, I think the underlying principles that guided the 2015 working group's report are very much still embedded in the Chairman's FAFSA approach.

Rachel Gentry:

It's balancing the need for simplification with program integrity and making sure that we have the information that we need from families that have more complex financial situations. But not asking students who are low income to continue proving that they're poor.

Karen McCarthy:

Yeah, I was going to add something on that, Rachel, like the idea of the pathways approach that we developed back in 2015. And that I think that the natural tendency is to say look at a bill that has distinct pathways. And they call them pathways and say, "Oh, they took their idea." And if it doesn't call them pathways then maybe they didn't take our idea.

Karen McCarthy:

But really the Alexander bill, even though they don't call them paths like we do, it really is conceptually the same thing. Like people with the simple situations go down this ... And these are the questions that are presented to them.

Karen McCarthy:

And if you have a more complicated situation, then these are the questions that you have. I mean it's basically a pathway, even though they don't call it that.

Rachel Gentry:

Yeah, that's exactly right.

Justin Draeger:

Yeah, we have a nomenclature, a vernacular issue. But in concept, it's pretty similar. Before we do ... I want to jump into both of those bills because those are the bills that are where you find the compromise between the House and the Senate bill.

Justin Draeger:

But before I do that, meanwhile, all of that, Rachel, really briefly, like there's other things that are still happening on FAFSA simplification, right? Like we have an incremental bill that moves us forward and then, on our side, we're continuing to do all these papers that are looking at equity.

Rachel Gentry:

So last December, we saw the passage of the Future Act which contained the provisions that were previously included in the FAFSA Act. Which is essentially a bill that allows for direct data sharing between the IRS and the Department of Education.

Rachel Gentry:

So essentially it allows ED to receive data directly from IRS instead of applicants having to go through this clunky two step process that is the data retrieval tool.

Justin Draeger:

And this is an underpinning?

Rachel Gentry:

Yeah.

Justin Draeger:

Like if we want FAFSA simplification in any form, you need one federal agency to talk to another without involving students and parents in a way that's an application.

Rachel Gentry:

Yes, exactly.

Karen McCarthy:

I think the future bill is like an operational bill in terms of FAFSA simplification. It doesn't change the underlying need analysis or what the formula is, but it's still needed in order to improve the whole process from the student's perspective.

Rachel Gentry:

Yeah.

Justin Draeger:

So that was passed last year and then, meanwhile, we're still working on a series of papers on FAFSA simplification.

Rachel Gentry:

Yeah. And I think one more thing to add on the Future Act is that when we were working with committee staff in both the House and Senate, one of the things that we always heard when we would talk about these FAFSA simplification bills is that they really hinged on the passage of the FAFSA Act which then became the Future Act.

Rachel Gentry:

In order for these FAFSA simplification bills to work as they were designed to do so, we needed to have that direct data sharing. So getting that was a huge win.

Justin Draeger:

So after we get the Future Act, another incremental change step forward in FAFSA simplification, we continue to work on FAFSA simplification through a series of papers?

Rachel Gentry:

Yeah, that's right. So over the last year, NASFAA, along with a number of different partners that are also engaged in this space put together a FAFSA simplification paper series that was published the end of this summer. And authors from various organizations tackled topics such as number in college, renaming the EFC, negative EFC, one time FAFSA.

Rachel Gentry:

So our work isn't done in this area. We're continuing to explore additional ways that we might go about simplifying the FAFSA.

Justin Draeger:

All right. So that brings us up to date to where we are today. Or at least in October when Senator Alexander said, "We're going to make a last minute push for this in the lame duck." So Karen, let's do a little bit of a deeper dive into Senator Alexander's bill in particular. Since he's been pushing this all along the way. Give us an overview of his bill.

Karen McCarthy:

Yeah, so really briefly, the big things that people are focused on with the Alexander bill that are a big difference from way things are done right now is that it separates out Pell eligibility from eligibility for the other Title IV aid programs and need based ones.

Karen McCarthy:

So for Pell purposes, the idea here is to make the Pell eligibility formula be a lot more simple than what we have right now. And harkens back to his original idea about the two question FAFSA. So basically what we are doing for Pell purposes only is that Pell eligibility would be based on AGI and family size.

Karen McCarthy:

AGI as related to the federal poverty lines. And that would determine a student's Pell eligibility. And there would be a sliding scale that would operate similar to what we have now in terms of the range of Pell eligibility ranges there.

Justin Draeger:

The benefit there that Senator Alexander, as he sees it, is that this gets to the look up table. So you might not be able to tell all the other student aid eligibility from that, but using just adjusted gross income and family size, then a family could say, as soon as they file their tax return, this is how much you'd ... Or the IRS could even say, this is what you'd get in a Pell Grant if you went to college.

Karen McCarthy:

Right. And remember we're looking at prior-prior year too. So you could know early in high school, the reasonable time frame, what you might be eligible for at the time that you're filing a FAFSA when you're going to college several years into the future.

Justin Draeger:

And then the Future Act would allow the ... That passed last year, would allow the IRS to send that directly to the Department of Education and almost auto qualify people for Pell Grants. I mean that's the gold standard that Senator Alexander has going.

Karen McCarthy:

Right, right. And it's really easy for the family to understand. I mean people generally ... I mean I know from the financial aid perspective, how many people in your household gets very nuanced. But a family has an idea of how many people are in my household and AGI is something that's easy to understand.

Karen McCarthy:

So I think from the consumer standpoint, it's a really easy, predictable way to have an idea. Now it wouldn't be a commitment of a Pell Grant. I know that when we talk about this into the future, we often talk about does this lock anything in? And it doesn't. But it gives families an idea of their eligibility.

Justin Draeger:

So we'll get to the other part of the need analysis in a moment. But let's stick with this for just a second because this is a real change. You've got Pell eligibility with these elements and then you have other student aid eligibility with these other data elements.

Justin Draeger:

But on the Pell side, something's missing here. So number in college plays a pretty big role in current federal methodology. Like it takes your EFC and divides it by the number of people who are in college so it's a pretty big number in terms of impact.

Justin Draeger:

So Senator Alexander's bill would do away with that, presumably because, again, the more data elements you add to Pell eligibility in his mind, the less accurate data you can give to the student or family at the time they file their taxes. I wonder, Karen, reactions to that? Losing number in college?

Karen McCarthy:

I feel like that was a little bit of a discussion point here within NASFAA. Because I do know that historically, we have always been supporters of keeping the number in college. So there was quite a bit of discussion on how we feel about that.

Justin Draeger:

Let me decode that for the audience. When Karen uses the words discussion points, she means arguments. So yes, we had some spirited discussion around number in college. So it's not like we just waived or were blind to this issue, because clearly some families would lose. Right?

Karen McCarthy:

Yes.

Justin Draeger:

Like when you change federal methodology, you're going to have winners and you're going to have losers.

Karen McCarthy:

Well, and getting rid of-

Justin Draeger:

And number in college-

Karen McCarthy:

Yeah, when you get rid of number in college, I mean there's really only losers, right? Because you're-

Justin Draeger:

Right. I mean because your index number goes up basically. Unless, and I think this is where it's important. Because unless you change some of the underlying data about how much or who can get a Pell Grant.

Karen McCarthy:

Right. The distribution of the dollars and how that all falls on ECL, yeah.

Justin Draeger:

Like if you increase the total number of FAFSA applicants, for example, that can get Pell, then yes, there is a negative with number in college loss, but to the overall population, you would still see an increase. And this is where you get into really nuanced federal methodology.

Justin Draeger:

But there's also a horizontal equity issue here with number in college. And this was addressed in one of our FAFSA papers series. I think it was by Sandy.

Karen McCarthy:

It was, yeah.

Justin Draeger:

Can you talk to us a little bit about the argument here on horizontal equity with number in college?

Karen McCarthy:

Yeah, so the idea here is that by treating families that have students in college simultaneously, their children in college simultaneously, you are advantaging those students over other families who may have their children spaced further apart. Or their children decide to go to college at different times and they're not enrolled at the same time.

Karen McCarthy:

And if the idea is that, especially in today's environment, where student loans are such a big factor. And student loans are basically you're financing college costs over a longer period of time, why should a

family when they are both enrolled at the same time be financing lower costs overall than a family who has their children spread apart or their children are enrolled at the same time. So it does present what they call horizontal equity issues.

Justin Draeger:

Yeah, horizontal in that you have families who are in similar situations both paying for college over a 10 year period of time or longer and are treated very differently based on somewhat arbitrary timing. Now I understand and the roots of this are used to take a snapshot of a person at that time. But this was also conceived in an era where we hear lawmakers say, "Well, I used to pay for college by doing a part time job."

Justin Draeger:

Like the circumstances that existed at the time that that was developed aren't the circumstances families face today. And if you have twins or children that are 18 months apart. And Megan has children that are six years apart, and then take into account when they go to college. At the end of the day, if you both have two kids, you're both paying over a significant period of time for both of those kids to go to college. And that's the horizontal equity.

Justin Draeger:

So when you think about it that way, number in college, I think there is some serious justification on the equity side about number in college.

Megan Coval:

Yeah, and real quick on that too, Karen, you mentioned the loan piece. But I know some have expressed concern to us over Pell students. But when you look at the data, 65% of Pell recipients are zero EFC already, right? So they're zero. There's two in the family. You cut that in half, it's zero, right?

Karen McCarthy:

Right.

Megan Coval:

So I think that's a really important point also. Because I mean the loan and the Pell piece are different. We do think about differently when we're talking about number in college. But I think that's a pretty strong argument.

Justin Draeger:

Zero EFC are full Pell whether they have one child, two children.

Megan Coval:

Yeah.

Karen McCarthy:

Right.

Megan Coval:

Or two or three, yep.

Justin Draeger:

Okay. So Karen, let's jump to the other side of Senator Alexander's bill. How they would determine how financial aid offices would determine eligibility for all the other student aid programs.

Karen McCarthy:

Yeah, so this is a new idea. It would completely get rid of what we know as the expected family contribution. And would instead use what they call the student aid index. Which can be challenging to wrap your head around. Because I think for ever and ever, aid administrators have been saying, "Your EFC is the expected amount that you are expected to be able to contribute towards your educational cost for one year."

Karen McCarthy:

And it's a talking point. And I think the pushback on that is that that doesn't really represent what you're saying that it represents. And so rather than this expected family contribution, we now have this index.

Karen McCarthy:

And I did want to add that one of the smaller recommendations that our FAFSA simplification group came up with back in 2015 was that they recommended that we get rid of the concept of the EFC. They said we need to have some type of number that's used as an index.

Karen McCarthy:

And an index meaning like a ranking system of who's financially stronger and who's financially weaker so that we can award aid. But we should get away from the concept of this is the amount that you are going to pay. Because over time, the formula has been altered by Congress for other reasons, budgetary reasons. It doesn't really accurately reflect that anymore.

Justin Draeger:

No aid office tells a family, using federal methodology, at least, that this is the amount we expect you to come up with. So where is it?

Karen McCarthy:

I used to always have little caveats. The idea here is that this is the amount that you can contribute, but it doesn't really work like that, yeah.

Justin Draeger:

Right, well, when I worked in an aid office, I learned very quickly that telling people this is how much they were going to come up with was like it was pointless.

Karen McCarthy:

Right.

Justin Draeger:

And so you would basically explain like we're going to use this number to package all of your financial aid.

Karen McCarthy:

Yes.

Justin Draeger:

And so you were basically explaining an index which is now what we would call it. And I think it actually, in terms of vernacular, would hopefully save time?

Karen McCarthy:

Yeah. Our working group wanted to get away from the concept of EFC and move to an index. They, however, could not agree on a really snazzy name for it. They did actually talk about, this was one of their ideas. Student aid index. And they were like, "Oh, I don't know. We like the concept." So in the end, the recommendation was just use an index, get away from EFC. And here it is. It's called a student aid index in Alexander's bill.

Justin Draeger:

But they would use that number the same they use an EFC, right? Like they would use that package other forms of aid and basically-

Karen McCarthy:

Yes, I mean I've been thinking about ... From the aid office perspective like how? What's a good way to explain this to families? Like how that might work? And obviously, that's not part of the discussion when you're at the bill stage. That's further down the line. But it's an interesting thing to talk about like in terms of the packaging conversations and the counseling that happens. How will those conversations go if we were to end up with a student aid index?

Justin Draeger:

All right. So Karen let's, we don't ... We'll include in the show notes links to some of our summaries of these bills so people can take a deeper dive. But the House bill, without going too in depth here, in the interest of time, Rachel explained, picked up quite a few of our recommendations. And in some ways, closely track with our recommendations. What's one of the ... If you had to highlight the biggest difference between the House FAFSA simplification bill and the Senate, what would it be?

Karen McCarthy:

I would say that the House bill is more what people are used to now. It doesn't do the separate Pell eligibility and the student aid index. We would still have an EFC. It does fairly closely align. It has distinct, three pathways, which is very similar to the approach that we had approved.

Karen McCarthy:

And the three pathways are very similar to the pathways that we had proposed. But it is, I would say, less of a drastic change than the Alexander bill is.

Justin Draeger:

And so, let me ask you some commonalities between the two bills. Both bills would eliminate a lot of questions from the FAFSA. Particularly questions that don't have anything to do with figuring out a family's need or ability to pay. Is that true?

Karen McCarthy:

Yes. Yes, that would be true.

Justin Draeger:

Both bills would, in hopes, because they're simplifying the form, be able to attract more students to complete the form more easily. Particularly with the Future Act last year. Is that true?

Karen McCarthy:

Yes.

Justin Draeger:

So what about methodology and distribution? Fiddling with a federal need analysis program is complicated. Trying to figure out all the various populations and how those populations would either benefit, or as we talked about earlier, potentially lose. Can you talk to us a little bit about some of the numbers that we saw last year when we were looking at these bills?

Karen McCarthy:

Yeah, so we did see some simulated data that the bill was able to provide to us based on the Department of Ed data that they have. So we at NASFAA can't run these numbers because this is all the Department of ED's data that we don't have access to.

Karen McCarthy:

And I should also caveat that Justin you mentioned this was earlier. So since things are still under negotiation, this was an earlier version of the bill. We don't know exactly where they are right now. Specifically, I think they're talking about what the poverty line cut off would be in terms of the Pell eligibility and things like that.

Karen McCarthy:

So it might be a little bit different. But specifically, I mean we were talking earlier about getting rid of number in college and what that does to the Pell distribution or doesn't do to the Pell distribution. Kind of concern on people who might end up losing out.

Karen McCarthy:

And we were very encouraged by the numbers that we saw. We actually saw an increase in terms of the numbers of current FAFSA filers that would be eligible for Pell under this new Pell formula.

Karen McCarthy:

So right now it's pretty close. It's like 45% of applicants are eligible for any Pell. And that number would shoot pretty significantly up to about 70%.

Justin Draeger:

That's a significant increase?

Karen McCarthy:

Yes.

Justin Draeger:

Like that's a huge increase, right?

Karen McCarthy:

Yes. And when you look at ... So in terms of the shifting of like new Pell eligible people versus people who lost Pell eligibility because there will be some losers in there. The people who are gaining eligibility are the people who we would want to gain Pell eligibility. They're on the lower end of the income spectrum.

Karen McCarthy:

And now the Pell eligibility umbrella is now bigger to loop them in under that. And the folks who would end up losing Pell eligibility are families who have incomes who are on the higher end of the range.

Karen McCarthy:

So I don't have the details in terms of specifically how number in college factored in. I wouldn't be surprised though if that might be some of the losers. Or the higher income families who had multiple kids in college because as you explained, it's like a straight division on EFC by the number you have in college. But those are higher income families.

Justin Draeger:

And but the total percentage of applicants who would actually lose Pell eligibility is really small. It's around two percent?

Karen McCarthy:

Yeah, yeah, two percent which is about 150,000 applicants.

Justin Draeger:

It ain't nothing.

Karen McCarthy:

Which, right, if you're one of those, it's a big deal. But overall.

Justin Draeger:

But if there's a 30 point jump in the total number of people who gain Pell eligibility and a two percent drop in those who would lose, I mean that's the sort of scales we're talking about. So again, it's like yes. In an ideal world, we'd everybody held harmless at least today, four to six year out. I get that. That would probably be insanely complex.

Justin Draeger:

But leaving that aside, this is the ... If we had to make a trade off, this is the trade off you would want to make. A 30 point jump in total Pell eligibility versus a potential two percent loss on those who might lose Pell eligibility.

Karen McCarthy:

Yeah. I think this is really the best that you can hope for. Because I think the concern when you start taking out questions. I mean this gets into the whole simplification versus accuracy argument. So the concern when you start taking out questions in the FAFSA. You're making it simple. But then the concern there is well what does it do to the distribution? Are we capturing people who we would not want to have Pell Grants?

Karen McCarthy:

And so, in this case, I think overall, it is a big simplification. And then when we looked at the distribution, you're like wow. I think we are doing a pretty good job of targeting. We're not capturing, we're not getting a lot of people as Pell eligible who we would not necessarily want to target as Pell eligible.

Justin Draeger:

And then, of course, we should remember that if you receive a Pell grant, the majority of Pell recipients skew towards 0 EFC. All of those folks are still zero EFC. So the large majority, if ... That's the thing about the Pell is the odds are if you get Pell, just over 50% of them are getting full Pell. So none of that necessarily is changed. Like they're still going to receive full Pell.

Justin Draeger:

I guess, Karen, here's a question, I think, a lot of aid offices are going to want to know is how do we run this distribution on our population? So what would you tell them? How do we know?

Karen McCarthy:

Yeah, we were talking about this the other day. And the difficulty here is that schools don't have the Pell model that the Department of Ed has at their disposal. So I mean we can't run these models. We are relying on the hill who's getting information from the Department of Ed to run these models. So I'm not sure how institutions can do all ... To model. To see the impact on their students.

Justin Draeger:

Yeah, I mean we have like Urban Institute has done Pell modeling. We've had other research groups that have done Pell modeling. And when we did our FAFSA simplification proposals, and other higher ed proposals, we hired some researchers to do some of the modeling for us.

Justin Draeger:

But they don't have the most up to date Pell model and Pell data. That has to come from the Department. The hill relies on the Department. We saw their underlying work last year. We saw a top ... We've seen numbers along the way. But the difficulty is we can't give those numbers to every aid office and say, "Go run this on your population."

Karen McCarthy:

Yeah.

Justin Draeger:

What we can tell you is what's changing. And then in a big picture, you could look at ... So if you wanted to pull like number in college on your campus, you might see. But I'm fairly confident that across the board, that's probably a pretty low percentage and steady percentage. I wouldn't expect to see one school with 80% of their Pell recipients getting there with number in college. And another school with two percent.

Justin Draeger:

So I guess my point is, is we're running top line numbers. We're looking at the whole population. We just don't have the Department's data. Nobody has the Department's data that's the most up to the date to do it on a school by school basis.

Karen McCarthy:

Yeah, and the numbers that we got were both from the Department's Pell model and they were also from NPSAS reporting. And so it was a combination of a bunch of federal data sets.

Justin Draeger:

So Megan, let's get back to real time here for just a second. So we just walked through some of the history. Karen talked to us about the Senate and the House bill. And we have reports coming out of the hill and our own contacts there. Where are we today?

Megan Coval:

Yeah, I mean so things are looking pretty good. That we're going to see movement on this bill. I should qualify that with this is not the type of bill that Congress would take up as a standalone and take to the floor by itself. Like here's this FAFSA simplification bill.

Megan Coval:

But what the hope is, I think at this point, it's fair to say on the part of the House and Senate who have been working together in negotiating is that they will attach this to the final fiscal year '21 spending bill which has to be wrapped up by next Friday, December 18th.

Justin Draeger:

And it's probably fair to say that in most instances, or at least many, last minute bills attached to spending bills may not be the most preferred way that we'd like to see legislation move. But there's a flip side to that, right?

Megan Coval:

Right. I mean, yeah. The reason they're not the most preferred way is because they move very fast. If they're kept very secretive, it's hard for us to get our hands on them. And especially, when they get tucked into these bigger bills that senior leadership is working on, I mean we have contacts in Senator McConnell's office. But it's not like we could say, "Hey, this giant bill, there's this FAFSA piece in it and we have a concern."

Megan Coval:

But the flip side is Congress doesn't get much done these days. And this is the only train that's leaving the station. And so we are effectively trying to add a car to that train. And there's a little give and take there on that.

Justin Draeger:

Right. So it's like I recognize my own hypocrisy here when I say I don't normally like bills attached to spending bills, except when I do. And in this instance, if we're talking about incremental FAFSA simplification, this is it. This is the opportunity. Because we don't know what's going to happen in the next Congress.

Justin Draeger:

We don't know, as we've talked about before, who's even going to control the Senate. And Congress just, whether you see it as a bug or a feature, they just don't get a lot of legislation passed. And like re-authorization of the Higher Education Act, which is normally where you'd see this sort of thing, what? That's not happening in January or February or 2021, for that matter.

Megan Coval:

Or maybe even the whole next Congress. I mean it could be a couple of years out at this point.

Justin Draeger:

That's right. And so, this is a bill. We know this bill is moving. And so to the extent that this is a strategy to get movement, we'll take it.

Karen McCarthy:

Hey, can I ask a question on when you say "this bill", just because I feel for our audience and we've just talked about so many different bills. Like when you say "this bill", what are you talking about? Can you clarify?

Justin Draeger:

Well, so Megan, let me ask another question on that while you're answering that one. Which is like is it also fair to say, like sometimes when we say "this bill", we are aware conceptually that a bill is moving. But what exactly the bill says, we might not even know because how fast it's moving.

Megan Coval:

Yeah, like Karen just talked about two bills. Which one is it? Yeah, so I think that it's fair to say that the base of the negotiations is Senator Alexander's FAFSA Simplification Act of 2019. And our understanding is that the House who, of course, have their own bill is doing a little bit of back and forth with him. So it will probably be some combination of the two, in addition to perhaps some other things that are not FAFSA simplification related, but were used as points as negotiation to come to an agreement.

Justin Draeger:

So for example, let me ... Before we get into the examples, Megan, so I think the question then would be, how can NASFAA blow wind in the sails of a bill that it hasn't seen?

Megan Coval:

It's a fair question. Someone asked me that this morning on a presentation. This involves a little bit of faith. And I know that that probably sounds a little soft for the work that we do. But going back to everything that you said earlier, Rachel, and you said, Karen. We have been so steeped in this work for so long and have had so many detailed conversations with both the House and both the Senate staff.

Megan Coval:

I believe they are 100% clear on where we are and what we want to see. And we supported both of those bills. And I think we have a great deal of hope and faith that the final bill will be a combination of the two and that both sides will check each other in making sure we get to a place that's good for students, good for aid administrators.

Megan Coval:

But don't get me wrong, and part of it is like ... I remember this from getting back year round Pell which was also in a budget bill. And we had to really get that right too. And there was a certain point where we just had to-

Justin Draeger:

Trust?

Megan Coval:

Trust and hold our breath.

Justin Draeger:

Right. That's a great example of ... Year round Pell was the situation where the first time it was unveiled, it was a mess. It was repealed. And it was reintroduced. And we knew the underlying the bills. We had had so many conversations with Congress. You're right. It was like, "We trust you to get it right because the bill was under lock and key as it move towards the budget."

Justin Draeger:

So same thing. And to the point where it's like, "Well, you don't know what's in "the bill." "The bill" that we'll talk about.

Rachel Gentry:

Trade mark. The bill TM.

Justin Draeger:

But the truth is we do. Like we do know what's in the bills because they're not starting over. They are working off of existing bills and existing bills that have been out for a year. So I feel like ... I can't help but feel it's a little disingenuous for folks to say, "Well, this is getting fast tracked."

Justin Draeger:

You know what? If we didn't "fast track" bills that have already been around for a year, we would never have any bills.

Megan Coval:

Yeah, yeah.

Justin Draeger:

Like this is how it works. And again, whether you see it as a bug or a feature, whatever. You can debate that. As aid administrators, we live in the reality of the situation. And the reality is these bills have been out for a year. We've been working on them for almost a decade.

Justin Draeger:

And to your point, Megan, we're using Republicans ... When you have Republican and Democrat working together, bicamerally, you're trusting in the system that they will use what they have and check one another.

Justin Draeger:

And so you could have other things even outside of FAFSA simplification. When we had the Future Act, we had HBCU funding. Like you could have something like that where Democrats want other things, other benefits for students in order to move forward a bill priority from Senator Alexander on the Republican side.

Megan Coval:

Yeah, I think that's a really good point. And also I think there are some who are saying but also with something this fast, there will be stuff in here that you don't like. And there will be stuff in here that's errors. And I think we would say-

Karen McCarthy:

Yeah.

Megan Coval:

Yes. Like we're not saying that it's going to be this perfect bill, without any errors and everything we just love. But I think we're willing. We're willing.

Justin Draeger:

There are bills where we constantly pass technical amendments afterwards that are not controversial that fix things. Because who can navigate the federal bureaucracy? I mean, honestly. Like I feel like even the best intentions might get mucked up when it gets sometimes to federal lawyers. All love to federal lawyers.

Justin Draeger:

The second piece about this is there is a scariness factor here that something could get tucked in that we wouldn't necessarily promote or endorse. Or might even oppose. But big picture, we live in a republic. I think a feature of the republic is compromise.

Justin Draeger:

And again, if we waited around for the bills that only 100% match what we want or write, we won't get much legislation passed. And so, some of this, I approach as a little bit of humility about the republic.

And it's a feature. And people are elected with legitimate votes. And they're representing constituencies and we all ... This is how democracy works. It's messy.

Justin Draeger:

So this is moving very quickly though. We could literally, if this gets attached and the decisions will be made out of the highest offices in Congress, whether this compromise bill gets attached on FAFSA simplification. We could have a FAFSA simplification bill.

Justin Draeger:

And let me throw out something which is it could be passed, and then implemented potentially iteratively. So for example, ED is still working on this infrastructure for direct data share with the IRS. Some of this might be dependent on that.

Justin Draeger:

Other things like removing a question with selective service, for example, that could be eliminated potentially sooner than other parts of the bill. So I just wonder ... It's like this you take it to the Department, you take it to the federal agencies. And you sort out like could we fast track some of these things? Other things might have to wait or are dependent on other portions.

Justin Draeger:

I think it's fair to say, because we know the FAFSA cycle, that very little of this probably could be implemented by October 1, 2021.

Karen McCarthy:

Yeah, no, right, yeah.

Megan Coval:

Right.

Karen McCarthy:

I'm certain on that.

Justin Draeger:

So before ... So the schools that have already sent out award notices, don't flip out. But it might be iterative, but we're looking at probably 2022 for some of the FAFSA stuff. So anyway, I think that's a question that we can't answer, but there is just a realistic nature to this that we can't implement it all tomorrow. Especially since, again, schools are already packaging aid offers.

Megan Coval:

Yeah. I think our friends on the hill have a ... I trust they have a good beat on that.

Justin Draeger:

Yeah. All right. Is there anything else we want to talk about before we wrap up?

Rachel Gentry:

I was talking with a student interested in advocacy work the other day, and he asked a question about, "Do you feel like you get frustrated with the process of Congress? And not seeing wins regularly?" And I was thinking about this bill particularly. And like talking through all of the different iterations that we've seen over the past year. And even before that.

Rachel Gentry:

And I think big picture, seeing where we are now, and even though we're not actively involved in these negotiations, it really, for me, underscores the importance and the reason why we review every FAFSA bill that we get from every congressional office that's interested in this issue.

Rachel Gentry:

And we get, especially leading up to an introduction of an HEA proposal, we get lots of those. And we spend a lot of time picking them apart bit by bit, and giving extremely technical feedback to those individual offices because they might be folded into a comprehensive HEA proposal. And then those might be attached to a budget bill at the end of the year.

Justin Draeger:

People don't realize outside that advocacy is often quiet. It's often behind the scenes. And it's on a bunch of bills that might not move forward, but you fix them as early as you can, because you never know when something's going to get picked up and it's going to move.

Justin Draeger:

And we've always said, it seems like nothing's happening because it's 12 years from a reauthorization. But when bills move, they move fast. And so you have to have the relationships established. You have to have already given your feedback by that point. Or you've given up really any advocatorial advantage.

Rachel Gentry:

Yeah, and I think, I hope that for ... Like we send those individual bills sometimes. We reach out to members and ask them for their feedback. And I hope that seeing where we are now makes those moments worth it for us and for our members who spend the time to think through how those change is going to impact their office.

Rachel Gentry:

If this does pass, I think it's a win for this year. But it's also a win for the past five plus years of working on this issue. And I think that's exciting as an advocate.

Justin Draeger:

Absolutely.

Megan Coval:

That's a great point, yeah.

Justin Draeger:

So we'll include some of the summaries of these bills in the show notes. If people have questions, please feel free to send us comments directly to Off the Cuff or you can send them to <mailto:policy@nasfaa.org>. We're really excited to potentially see some movement here. As Rachel just talked about, really excited for all of our members who have been working on this for almost a decade.

Justin Draeger:

And we will continue to keep people in the loop via the podcast and also in our daily newsletter, today's news. So send us your comments. Remember to subscribe. Tell a friend. And we will see you again next week.