NASFAA’s “Off The Cuff” – Episode 142 Transcript

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

Allie Arcese: I'm Allie Arcese with our communications team.

Megan Coval: I'm Megan Coval with our policy team.

Jill Desjean: I'm Jill Desjean, also with the policy team.

Justin Draeger: Welcome back, everybody. Jill, you're coming through loudly and clearly. A lot of people don't know this, we did a webinar last week. I think it was last week.

Jill Desjean: Maybe it was last week.

Justin Draeger: We're all in a time warp, but-

Jill Desjean: Time doesn't make sense anymore.

Justin Draeger: But, people may not know this. Well, first of all, we had a lot of people on the webinar. We had over 9,000 registrants. 8,000 of them actually joined. I don't even remember how many questions were asked in the space of 75 minutes.

Allie Arcese: Like 2,000 plus.

Justin Draeger: 2,000 plus questions. I want to talk about just webinar etiquette for a second. Thankfully, nobody submitted the same question over, and over, and over again, in all caps. Now, to our beloved member who did that on the first webinar, you are seen. You are heard, but we could not answer your question. So anyway, nobody did that in the last webinar. But Jill, we couldn't hear you, and I felt like it was an SNL sketch, because we were like, "No, Jill, you really have to get up on that mic." And I felt like you were climbing on top of your laptop, screaming into, what I imagine was the screen.

Jill Desjean: Yeah, that's what it felt like. And when you raise your voice, it's hard not to sound angry. And so I'm trying to smile, and shout, I so asked a friend after, not a NASFAA friend, because you guys are all too nice.
Justin Draeger: Right.

Jill Desjean: "Sounded great, Jill, you did a great job." So I was like, "Did I sound shouty, angry?" And they also said I didn't, but I'm struggling to believe that.

Justin Draeger: Well, I just felt like-

Jill Desjean: And another thing you need to know...

Justin Draeger: You were talking, and the mic wasn't working right. So we were like, "No Jill, louder, louder." And like you were really getting... Also, I don't mean to be creepy, but if people want to check out the show notes, you are wearing something different this week. A real throwback.

Jill Desjean: Yes.

Justin Draeger: This is like an office thing, [crosstalk 00:02:37] Like how to be connected via Zoom. Or what are we doing?

Jill Desjean: Like spirit week.

Allie Arcese: Yeah, like a spirit week. So today was Throwback Thursday to dress up from another-

Justin Draeger: But yours wasn't a throwback, right Jill? Yours was recent.

Jill Desjean: No, I just like that all the time. Yeah.

Justin Draeger: If that was a picture of you in the 80s, then you have not aged a day.

Megan Coval: Yeah.

Jill Desjean: Yeah, so backstory, I had the outfit, we were supposed to have an 80s themed party that got canceled, thanks to COVID-19. I was really upset that I didn't get to wear it, then Summer announced the spirit week thing. And yesterday I went all in, I had a photo shoot in the backyard with my son taking pictures.

Megan Coval: [crosstalk 00:03:21] Posed, too. It's true glamor.

Jill Desjean: I started trying to be angsty 80s, and it was a terrible look for me. So, my son took a bunch of pictures of me trying to look really serious.

Justin Draeger: The leaning? Were you leaning up against a tree, or something?

Jill Desjean: Yeah, yeah.

Justin Draeger: That was very on-point for 80s and 90s glamor.
Jill Desjean: Right? Yeah. I was trying to get the right... Like a senior portrait, Breakfast Club DVD, or something.

Allie Arcese: Yeah. I was going to say, you remember when you would take school pictures, I remember there was a drop background was just trees.

Jill Desjean: Right. Yeah.

Justin Draeger: There was trees, there were lasers.

Megan Coval: Lasers.

Jill Desjean: If I had lasers, they would have [crosstalk 00:04:04]. Trust me.

Justin Draeger: Allie, let's get to some member feedback. What do we got from last week?

Allie Arcese: So, thank you guys, first of all for continuing to send in your feedback and your questions. We love reading them. I have to say I feel a little awkward continuing to read these each week because they're just, "Thanks for doing the podcast. We love it. It makes us feel normal. You guys are great."

Justin Draeger: Aw. Who specifically is great. Do they say?

Allie Arcese: Just the fact that we are still having the podcast?

Justin Draeger: Oh, the expectations are so low. We're just showing up, here.

Allie Arcese: No, no, no. Taylor Cruder from Roberts says that it's helpful continuing to dive into, and help them interpret all the legislation coming to schools. She said, "We couldn't be successful without you." There's been questions, some follow up questions with regard to guidance and legislation from ED and from Congress. And then last week we also asked people if they wanted to join us on the podcast, and why they thought they would make a good guest on the podcast. So, one of those people was Renee Swift from Nazareth. And she said she would totally Zoom with us, and she would talk about how she's become smarter while working from home. And so, Renee is here with us today.

Justin Draeger: Welcome, Renee.

Megan Coval: Hey, Renee.

Renee Swift: Hello, thank you for having me.

Justin Draeger: You've been on our podcast taping so far, has it lived up to your expectations?

Renee Swift: Absolutely. I feel like I'm in the company of rock stars. I've listened to you guys for a long time, and it's a real pleasure, and I'm awestruck by you guys.
Justin Draeger: Well, welcome back anytime. Yeah, well, we should have you on more often.

Renee Swift: Totally.

Justin Draeger: So, give me the productivity hack here. How are you working smarter by working from home?

Renee Swift: We’ve had to really think about how we do things, and you take it for granted that when you’re sitting in your office, you just click, and point, and go to a printer, or whatever. And having to work exclusively online or, in that remote format, I've had to Google how to do... I mean, we’re working in PDFs a lot right now. And up until three weeks ago yesterday, did not know how to merge them together to make one file. So, that has been tremendously helpful to our team. And it’s just being more creative, and more patient too, to work through all of the things that we’re doing on a day to day basis, and really appreciating when we get back to our offices, what we truly are able, and capable of doing.

Justin Draeger: Yeah, if growth is uncomfortable, right? This is a good opportunity for everybody to grow, be more productive, think outside the box. You have to figure out all these workarounds, and then hopefully some of those workarounds actually become shortcuts in the future. All right, well, we’re really glad you could join us. We have a “Off the Cuff” quiz for you. At the end of this quiz, if you can get two out of the following three questions correct, we will send you some Off the Cuff gear, exclusively for Renee. All right, Renee, are you ready?

Renee Swift: As I’m ever gonna be.

Justin Draeger: Okay. All right, here we go. Question number 1, 50% of the $14 billion in emergency funds received by institutions from the CARES Act must go directly to who, in the form of emergency financial aid grants? Who do they have to go?

Renee Swift: To the student.

Justin Draeger: Do we have a bell, or...

Allie Arcese: Ding, ding, ding, ding.

Justin Draeger: Alright, that's good. Good enough. Very good. The toughest thing about that question was, is, was I supposed to say, "Must go directly to who," Or, "Whom?" Allie, this is what you went to school for, right?

Allie Arcese: I almost changed that, but...

Justin Draeger: To whom?

Allie Arcese: [crosstalk 00:08:01] Feel like it.
Justin Draeger: Okay. Good job, Renee. That's right. This is the CARES Act emergency funds. And the big question, Megan or Jill, do we have an answer to this yet? I'm not gonna ask Renee this. When is this money coming?

Jill Desjean: We don't know.

Justin Draeger: All right, Allie. You and I have reconvened here after the podcast had closed down because, as we suspected, we do have breaking news out of the Department of Education this afternoon. Secretary DeVos announced that they would be releasing $6 billion dollars in emergency funds for students. They released how schools should go about signing up at grants.gov, and completing their certification form with the Department of Education, in order to receive their funds.

Justin Draeger: I was on a stakeholders’ call this afternoon, where the Secretary spoke Undersecretary Diane Jones spoke, and Assistant Secretary Bob King all spoke. Some of the highlights from that phone call. One is that if schools fill out their grants.gov application, and get in there signed certification, that they will adhere to all of the agreements that are in that certification form. Schools could potentially be receiving their allocations as early as next Wednesday. The department also then published all of the institutional allocations, the full amount that they'll get from the CARES Act, and what percentage has to at least be spent on students.

Allie Arcese: Right, and that's the part that they're releasing, is just the part that has to go to students.

Justin Draeger: That's right, Assistant Secretary King said that this other part that can be used for supplemental operations, or augmentation, or taking care of reimbursements, reimbursing yourselves for reimbursements, those types of things. That'll be a separate application process, we think, but we don't have details on that just yet.

Justin Draeger: The other piece that we've addressed in the podcast, and on the webinar is this idea of, can these funds be used to reimburse the school? And the Secretary... In the certification form that the school has to sign, it basically says that schools are not able to use the money to reimburse themselves for any costs or expenses, like those associated with changes to the delivery of instruction as a result of COVID-19.

Justin Draeger: They also can't reimburse themselves for previously issued refunds to students. To drive home the point, Undersecretary Jones also said, "These are cash grants to students." So, really reinforcing that this is not about... That with these funds, this pot of funding, schools cannot reimburse themselves. This is meant as emergency grant aid to students. Now, that said, schools have significant leeway in how they determine who is getting this money on their campus. And then, the students obviously have leeway to use the funds how they see fit.
Justin Draeger: So, the reason I think that's important is, schools do not have to use these funds, allocate these funds the same way they would Title IV funds. Schools have to develop a process, they're gonna have to report on that process, they're going to have to report on their grant amounts, and how much students receive. We don't know yet whether that's on a student by student basis, or whether this is anonymous information. I hope it's the latter.

Justin Draeger: But, these do not have to be Title IV eligible students. They do not have to have completed a FAFSA necessarily. These are not subject to Title IV rules, in terms of like credit balances. These are all important things for schools to keep in mind, because there's a significant amount of flexibility in here. As long as there is a process that's been identified at the school, they can document that process, and report it back to the department. And it's not being used to reimburse themselves. All right, so folks, breaking news, we wanted to break back into the podcast. Enjoy the rest of the podcast, and back to our normal programming.

Justin Draeger: All right, number two, Renee. When dealing with the shelter in place orders, many people have reported that it is akin to dealing with the five stages of grief. Name three of those five stages.

Renee Swift: Somehow, I knew you were going to ask about that, because I've been thinking about that ever since you guys mentioned it. Denial.

Justin Draeger: Good. Yes. That's actually the first stage. The second one is-

Renee Swift: Anger.

Justin Draeger: Yes. Good. Ding, ding, dong.

Renee Swift: And I know the last one is acceptance. There are two that are in the middle there, somewhere.

Justin Draeger: Yes, we also would have accepted-

Renee Swift: Bargaining is one of them, too, I [crosstalk 00:12:56].

Justin Draeger: Bargaining, depression, stress eating, excessive baking, picking fights with your family members, and smothering your pets with love. All of those would have been accepted for the purposes of this podcast. All right.

Allie Arcese: Does that add up to six?

Justin Draeger: Well, it's not a precise... I think these are more like...

Allie Arcese: It's ish.
Justin Draeger: Around, yeah. All right, number three. Who is your favorite NASFAA podcaster?

Renee Swift: That is unfair. That is unfair.

Justin Draeger: I'm sorry. We would have accepted Justin, JD, or the guy on the show. Those would have been...

Renee Swift: That is a totally unfair question.

Allie Arcese: This is why he said you have to get two out of three, right?

Justin Draeger: Luckily, you got two out of three right. That makes you a winner this week. What is she winning, Allie?

Allie Arcese: We have some “Off the Cuff” earbuds, headphones, that we will be sending your way. Admittedly they are probably-

Justin Draeger: Apple quality?

Allie Arcese: Definitely. More like airplane quality, but, the case is very durable. Yeah.

Megan Coval: Oh, hey.

Allie Arcese: Here's an example.

Megan Coval: Yeah.

Renee Swift: Very cool. Thank you.

Justin Draeger: Yeah, do you already have wireless earbuds, or Air Pods or anything?

Renee Swift: I have a hands-free kit that I use when I'm on the phone, but nothing that's exclusively that.

Justin Draeger: Sometimes, the air-free just feels a little too free. And so you want to go back to the wired ones, and that's where you pull out your “Off the Cuff” ones. So these are these are on their way to you. They'll be arriving anywhere from six to 12 weeks.

Renee Swift: Hopefully not like that 14...

Justin Draeger: The $14 billion? Yeah.

Renee Swift: Yeah, hopefully that comes sooner. Yeah.

Justin Draeger: Thanks for playing. And then Allie, for other people that want to play, they can just jump right in, and submit their names, or what's the process here?
Allie Arcese: Yeah, answer the listener question, and tell us why we should pick you to be on the podcast.

Justin Draeger: Okay, so what is going to be this week's listener question?

Allie Arcese: Okay, this week's listener question is, if your quarantine name is the last thing you ate, and your high school mascot, what would yours be?

Justin Draeger: All right, last thing you ate, high school mascot? Why you want to be on the podcast? And we will get you on. All right. We'll tackle that maybe at the end of the show. But for now, let's dig right into some content. The first thing I wanted to talk about was professional judgments.

Justin Draeger: So, we've gotten several media requests this week from some of the major outlets, and they're all asking the same question. And this came up on the webinar too, I think, which is, we're having record numbers of unemployment submissions at the state level. And I haven't seen the news this morning. But I think this morning, the labor department was going to release some additional numbers showing just how dire it is becoming in the job market. And people are asking, "What can we do to help people who have been somehow adversely affected because of these job losses?" Whether they're COVID related, or tangentially COVID related.

Justin Draeger: I was just looking, and this is a timely question, because in the April 3rd guidance that was released from the Department of Education last Friday, at 10 PM, the department actually talks about professional judgment, and it says, "Section 479 A of the HEA gives an institution's financial aid administrator the authority to use professional judgment to make adjustments on a case by case basis, to the cost of attendance, or to the value of the items used in calculating the EFC to reflect a student's special circumstances."

Justin Draeger: So, the department goes on encouraging schools to use that professional judgment, and I would just say, we are... Because so many news outlets are picking this up, and because students are in real need, I think we are likely to see a pretty dramatic increase in professional judgment requests. The one thing that people have been asking though, is, "Is this going to be across the board?" And Jill, I want you to make sure you're correcting anything I say wrong here. But, my sense is that if you're a zero EFC already, I mean, I suppose you could request a PJ on your cost of attendance piece, that might allow you additional aid if there's any to be had. But otherwise, this would really be impacting the non-zero EFCs who have seen some sort of disruption. Because if you're at zero, you're at zero.

Jill Desjean: Right.

Justin Draeger: So, I don't know that the distribution will be quite what everybody's expecting. That's not to say that people who are zero EFCs aren't going to find themselves
in dire circumstances. It's not meant to be dismissive of that at all. But I'm thinking of those who are in the middle there, that middle income band, who aren't zero EFCs, might have experienced job loss, or income disruption. Those are the folks who, if they're aware, that are more likely to come seeking professional judgments.

Jill Desjean: Yeah, when you’re talking specifically PJ. And then there’s the whole separate use of SEOG, the emergency funding, and the ability to not have to factor that into... To not use the need calculation, COA minus EFC, minus EFA. Where you could account for expenses that zero EFC student incurred, and tack on some emergency aid there. So it's not to say that those students wouldn't benefit from any aid, but specifically PJ requests due to loss of income, the middle income people would be able to benefit more from that, than low income people who already have zero EFCs.

Justin Draeger: So, I would expect to see this more in the press, just based on the number of press calls we’ve gotten in the last week about this. Letting students families know about PJ, the department is urging schools to use PJ, and while schools aren't required to use PJ, Megan, I am reminded that on the hill, lawmakers have asked from time to time, should we require schools to do PJs? And that's not currently required.

Megan Coval: Yeah.

Justin Draeger: But I think to the extent that they can, we would be asking schools, "Yes, do whatever you can help meet students need."


Justin Draeger: So, that’s what’s going on with professional judgment. Jill, let me ask you another question. Is it fair to say, do you think, that for some schools, they might forego some professional judgments, because they have emergency grant aid, and this extra, potentially extra FSEOG funding, that they can just use to help meet students need? Like, perhaps a PJ wouldn't necessarily be needed because, again, FSEOG can just be awarded without it impacting EFC or EFA.

Jill Desjean: Yeah, I mean, certainly that would be a much simpler solution for students, and for schools, and would get money into the students' hands a lot faster, to not have to ask them for all sorts of unnecessary documentation. So that's the nice thing about this flexibility that's granted in the emergency FSEOG funds, is that schools don't have to go through the process of collecting all this stuff, and going through adjusting the EFC.

Justin Draeger: All right, Jill, what's new out of the Department of Education? Any new guidance we want to highlight here for folks?

Jill Desjean: Yeah, so as Justin mentioned, was that 10pm on Friday?
Justin Draeger: I think it was. I don't know. I feel like it was 10pm.

Jill Desjean: Yeah. I know I wasn't awake. I learned about it on Saturday morning.

Justin Draeger: That's all good.

Allie Arcese: [inaudible 00:20:11] When you sent it to me, Justin.

Justin Draeger: What's that? What you say? Could you repeat that?

Allie Arcese: I said I think I have the timestamp from when you sent it to me.

Justin Draeger: I feel like it was pretty late Friday night. I'm not saying I was looking for an excuse to separate myself from my family. But, I did raise my hand to say, "I'll be the first one to go through this." Which I did Friday night. All right, what do we got in there?

Jill Desjean: So technically, April 3rd, but it just eked in before April 4th. The department came out with their second electronic announcement related to the COVID-19 situation that we’re dealing with. The last one was March 5th, and then they updated the March 5th one with a Q&A document. So this is the second electronic announcement related to all the disruption that we've seen COVID-19 related, and the first electronic announcement that we've seen since the President signed the CARES Act into law.

Jill Desjean: So, what's included in this electronic announcement, there's an expansion on some of the guidance that was given on March 5th. It extends the flexibilities from the March 5th EA to all those flexibilities that were offered in that EAA to any payment period, or term beginning between March 5th and June 1st of 2020 inclusive. And it makes those emergency flexibilities outlined in the new guidance effective through June 30th.

Jill Desjean: It also builds on the March 5th electronic announcement on approved leaves of absence, to also permit institutions to put students on an LOA during COVID-19 related suspension of coursework, which includes clinicals, or internships, or externships, until the institution can resume that coursework, or find another placement for the student.

Jill Desjean: The EA also reassures institutions that if they did have to temporarily cease offering instruction, the schools that didn't move to distance ed, but actually had to stop offering instructional together, that that's not going to result in a loss of institutional eligibility, or participation. So that was a nice reassurance for schools to see put in writing. With respect to cash management, in this EA, they don't offer any broad relief. But there are instructions to institutions who are unable to comply with the cash management regulations, that they should document the reasons why they couldn't comply.
Jill Desjean: And similarly, they don't give relief for COD disbursement reporting for PAL, teach, direct loans, but schools are instructed to contact their school participation divisions if they're unable to comply with those deadlines. They do state that they will extend the final PAL reporting deadline for institutions if they request it. But that's the only actual specific relief that's offered there with respect to those sorts of deadlines.

Jill Desjean: The EA specifies that federal, or state emergency aid is not going to be considered income for the EFC calculation, and also should not be treated as estimated financial aid in the need calculation. So, that's helpful when thinking about the Higher Education Relief Fund. That was a question that we had, as to whether that would be considered income, and estimated financial aid. So it's good to know that that's been addressed.

Jill Desjean: There's a little bit of verification relief in the EA. The whole COD warning, and de-obligation process that usually happens every year in April, this is for students who were selected for verification, and got a payment based on a verification status of W, without documentation. The department is actually canceling that process for April. And they said in the EA that they would be re-examining. They run that process again in July, and in October, and they said that they'll be re-evaluating whether they need to cancel it again for that time.

Jill Desjean: And, they also gave some relief for applicants that fall into the V Four and V Five verification groups. They no longer require the in-person submission, or notarized submission of the documentation that's required for V Four, and V Five. So institutions can take a copy, and it doesn't have to be notarized. And that's just to obviously, reflect the fact that many states have shelter in place rules right now, that students literally can't go out anywhere, and so they wouldn't be able to find a notary.

Justin Draeger: So, reading through it, I feel like it provided some additional flexibilities, things we were looking for. Most of it was pretty clear, although I think there are some remaining questions. What's your take, Jill?

Jill Desjean: Yeah, whenever something like this comes out, A, it doesn't answer all the questions that we had to start with. And it also raises some new questions. So the department was clear about a good number of things that they just said, "Hey, we know about this thing. We will address this later." So, R2T4, the provisions in CARES on R2T4, the SAT provisions in CARES, The FISAP deadline, how the FSEOG emergency grants that were provided for in CARES will be addressed. The non-federal share waiver. ED didn't offer any specific guidance in here, but they acknowledged that it's an outstanding issue, and that they'll get to it eventually.

Justin Draeger: On the R2T4 note, I just want to note one thing where I think I've seen some confusion. Schools right now, if a student does withdraw, and doesn't return, they still have to do... The department’s guidance is right now, that they still
have to do an R2T4 calc, they just don't have to return any money. Is that correct?

Jill Desjean: That's right. Yeah.

Justin Draeger: Okay.

Jill Desjean: The calculation is still required, because students might be eligible for a post withdrawal disbursement.

Justin Draeger: Right.

Jill Desjean: So, schools still need to figure that out. They just don't have to return any loan, or grant funds.

Justin Draeger: So this newest electronic announcement, we were given a heads up that it was coming out. But it happened after the webinar that we did. So we are doing another webinar. It's scheduled for April 14th. I think it's at 3 PM Eastern, but Allie, maybe we can include something in the show notes about this, so people can go out and register. We'll continue to do these as long as people have questions, and Jill, I think it's a safe bet that we'll have lots of questions on this electronic announcement, and more. So tune in.

Jill Desjean: I'm sure.

Justin Draeger: Yeah. So Jill, you said this didn't answer all of our questions. What are some of our biggest outstanding questions today?

Jill Desjean: Two big questions that came to mind after reading this guidance. One of them was, on this exclusion of federal and state emergency aid from the EFC calc, and from counting as estimated financial aid, we've already heard from a bunch of schools who said, "Well, I'm a state institution, I'm a public institution of higher ed, is my institutional funding considered state aid? And if so, is it exempt?" And that seems like a really valid question, and we don't have the answer to it. So we're looking for some clarification from ED on that.

Jill Desjean: The other thing that just gave us pause was about the waiver of the non-federal share for Work Study, and FSEOG. The language in the CARES act is pretty clear. It says ED shall waive the non-federal share. And yet the April 3rd electronic announcement refers to authority granted to the Secretary, to waive the non-federal share it says, "In certain circumstances," And that they'll consider this waiver authority and issue guidance. And so, we're just scratching our heads a little bit on that, because we don't really feel like there's a place for ED to step in here. It was a shall wave, so we just asked that question of ED as well. "Where were you coming up with this idea?" That is discretionary, and what's gonna happen there?
Justin Draeger: So let me throw out one other question, that I think has existed since the passage of the CARES Act. Can schools use, for the emergency stabilization funds that 50% of which are supposed to go to students directly, can they use those to pay off, or reimburse the school for refunds that the school issued to the students?

Jill Desjean: There isn't a clear answer from ED yet. The things we're hearing from other associations is that that was not congressional intent, and that schools should not be using the funds for students in that way. That funds for students should be used as emergency grants directly to students, not to refund them for institutional charges.

Justin Draeger: Yeah. And, of course, that may not be what most schools want to hear.

Jill Desjean: No.

Justin Draeger: And we also understand that all money is fungible. And if you pay out of cash here, and it's reimbursed there, that in a lot of ways schools... And I'll also point out that schools have pointed out inequity here, that schools that might have issued refunds as soon as they heard about this, might have said, "Well, if we're not going to be reimbursed for those refunds, maybe we'll just sit, and wait until we get the department guidance before we do something."

Justin Draeger: So we understand that there's an inequity, that some schools tried to do the right thing by getting students money as quickly as they could, that they now feel penalized because other schools might be waiting until they have guidance. So we get all that. We also know that implementation doesn't always follow congressional intent. I mean, see the last, I don't know, 12 years of rulemaking at the Department of Education, that spans multiple administrations. The entire debate over gainful employment, like congressional intent, and what it means to be gainfully employed.

Justin Draeger: So, I guess I would say, we're waiting for the department to weigh in. What we're hearing, though, is that this was not the intent of the money. I would not be surprised if the department says, "You can't use it and that way." The other side of it is, maybe they would just be silent, and wouldn't say anything on it at all. So, we don't have an answer as of today.

Jill Desjean: Right.

Justin Draeger: Okay. Moving on, it looks like Congress is already talking about some additional packages. In fact, I think, Megan, today the Senate was in session in pro forma at least, considering some additional funding for small businesses. What's the outlook look like for higher education?

Megan Coval: Yeah, so they are, I think busy working, staff are at least, on a fourth package. And we know that because we've been having conversations, both last week,
and this week with Hill staff as they begin to think through what might be in the
next bill. And I think they are hopeful that they will get the draft of the
legislation together pretty much for when Congress is expected back in town
after their recess is over, which is April 20th. So, that's really only a week and a
half at this point. So we know that things are cooking on that front. And we
know that there will be more, I think higher ed stuff in this bill.

Justin Draeger: So one of the things we keep hearing about is potentially loan forgiveness for
borrowers. Do we see... You want to call the odds on whether we'll see some
sort of loan forgiveness provision?

Megan Coval: Yeah. And as a reminder, this was a really hot topic in the last round of
negotiations. And so, I think the Hill is open to considering some loan
forgiveness, or debt cancellation. If you remember from the last time, one of
the proposals that came out from the Democrats was up to $10,000 in
forgiveness, so we know they won't go there. That's just not possible. But there
are some conversations talking about, "Can we give a little bit on that?"

Megan Coval: So right now the payments are suspended for six months. Could we actually
make payments on those instead of just suspending them? Or, could we talk
about maybe making payments for a year, or something less than that $10,000
but giving a little bit more on that front. And there's also been talk about
extending the suspension of payments, talk about relief or origination fees. So I
think folks are looking at it in different ways. I do think there's not a lot of room
for a ton of debate here at the pace that this is going. So I think whatever is put
forward is going to have to come to leadership having already had bipartisan,
and bicameral, support which is a tough sell on this topic.

Justin Draeger: Yeah, and I guess on the topic of loan forgiveness, this has been debated for a
long time, right? This isn't the first time loan forgiveness has come up in public
policy debates. So if you are a fiscal conservative, you might look at this as giving
people loan forgiveness might seem like a grab, because the issue at hand here
is cashflow. It's, "Can people pay their bills?" And so, if you've already provided
them a cessation of payments, haven't you solved the cash flow issue?

Justin Draeger: On the other hand, you might say, "Well, loan forgiveness is apt in this situation,
because people are just deferring what is a burden in this... The ramifications of
COVID-19 related job losses, nobody can predict right now. Is the economy just
going to come roaring back to life in May, or June, or July? Or is this going to be
a sputtering start over the next 12, to 18 months?

Justin Draeger: So, when I think about these sorts of things... And then there's the whole
fairness and equity question of, "If we give everybody $10,000 in loan
forgiveness, is that the best way to use scarce resources?" Spoiler, I would say
no. So that's just my take. I think it makes a little bit more sense to look at it like
something you just mentioned, Megan, which is, instead of just doing a
cessation of loan payments, why don't we make loan payments, actually pay
down principal balances for people for a certain number of months, as we get
through this COVID related issue. And then for borrowers that need it for an additional amount of time, whether that's 12 months, or 18 months, we continue to pay down loan balances.

Justin Draeger: But then it's a almost like a standard 10 year principal amount, so not amortized with interest, but just a principal payment. It provides an open stream of loan forgiveness on ongoing basis, while any borrower is experiencing a crisis. Which seems to me like a fair and equitable way to do this. And then you could have a phase out, I guess, based on if you're earning income, and how much you're earning. Anyway, this debate is happening now.

Megan Coval: It is happening now. And it's the type of thing where, if you think about if we were doing something like this through a reauthorization process, there would be a lot of time spent on crafting a proposal, and lots and lots of thought going into it. But, the catch was this type of stuff is the more complicated you make it on the front end, the harder it is to implement. And so, I think we're all trying to strike that balance there, too, of we want this to be effective, and helpful to students as immediately as possible. And so, you have to think about that when you're crafting the policy, too.

Justin Draeger: All right, so we'll continue to watch, and Megan, you, and your team will continue to stay engaged with lawmakers, and with our partners here in DC on crafting some legislation that makes sense, and is fair, and equitable. Besides debt forgiveness, what are the other big asks from higher education?

Megan Coval: The biggest thing is just the amount of funds that institutions are going to get. So, we had about $14 billion total in the CARES Act, and the higher ed community, and we signed on to a letter that's going to go out, saying this is asking for an additional $46 billion. And that's taking into account that students and families may have more need because of lost employment. That's taking into account institutional revenues going down, all things about auxiliary, their enrollment going down, things like that.

Megan Coval: So it's a pretty big ask, but I do think that we probably will see some more funds for institution in this next bill. And, I can see them just putting more into that existing higher ed relief fund, or maybe even putting some additional money into the campus based programs, and to SEOG, since they've already created that structure there, and those waivers that Jill was mentioning earlier. So, I don't know that we'll get that $46 billion, but there's a pretty significant ask there, with a lot of support from the higher ed community.

Justin Draeger: Great. Thank you, Megan. And you'll keep everybody up to date, and we know you, and your team will continue to be engaged with Capitol Hill, and our partners here in DC. Did I lose you guys?

Megan Coval: I see you. Allie, you look frozen.
Justin Draeger: Allie looks frozen.

Megan Coval: Yeah.

Justin Draeger: Let me Slack her.

Megan Coval: Or like she's thinking. Nah, she's frozen. Really deep [inaudible 00:36:40], or frozen.

Justin Draeger: Alright, breaking news, everybody. Fairfax, Virginia just lost power. So Allie, you've rejoined us remotely now, via cell phone. So, your audio is going to be a little bit different. We were just about to wrap up anyway. So, the listener question this week, if I had it correctly was, your quarantine name is the last thing you ate, plus your high school mascot? Megan, how about you?

Megan Coval: Turkey Tornado.

Justin Draeger: Oh, that's actually almost poetic.

Megan Coval: Yeah.

Justin Draeger: All right, Turkey Tornado. I like it. All right, Jill, how about you?

Jill Desjean: Cashew Red Raider.

Justin Draeger: The Red Raider is the mascot?

Jill Desjean: Yes.

Justin Draeger: Okay.

Jill Desjean: Cashew is what I ate.

Justin Draeger: All right. Renee, how about you? You're with us. Let's see it.

Renee Swift: Oatmeal Tiger.

Justin Draeger: Oatmeal Tiger?

Megan Coval: I like that.

Allie Arcese: That's a good one.

Justin Draeger: That is a good one. All right, Allie. How about you?

Allie Arcese: Pretzel Bite Don.
Justin Draeger: Wait, what was your mascot? A don, like from the-

Allie Arcese: A don, It's like a Spanish [inaudible 00:37:55], like a conquistador.

Jill Desjean: I just think of some guy named Don.

Allie Arcese: Yeah, it's just some guy named Don.

Jill Desjean: In khakis and a white shirt.

Justin Draeger: Mine was Chicken Salad Ranger, and we will let... I guess Allie, is the point that we're going to start calling each other this now?

Allie Arcese: Yeah, yeah.

Justin Draeger: Okay, great.

Allie Arcese: Let's all change our names on Slack.

Justin Draeger: Well, send us your... I can't. What is the listener question? I can't ever get this straight? What is it, Allie?

Allie Arcese: Your quarantine name.

Justin Draeger: You quarantine name. Which is what? The last thing you ate, plus your high school mascot. And from here on out, we will call Allie, what is it, Don? You're Don?

Allie Arcese: Pretzel Bite Don.

Justin Draeger: I don't get the Don thing. I've never heard this before in my life.

Allie Arcese: Do or the Don, the Dons, that was our mascot.

Justin Draeger: Is that D-O-N?

Allie Arcese: Yeah.

Justin Draeger: Don.

Allie Arcese: Yeah.

Justin Draeger: I don't get it. I've never heard this in my entire life. I'm not... Jill, when I think about culture, Jill, I'm looking at you. Have you heard this before?

Jill Desjean: Really?
Justin Draeger: Yeah. Well, you frequent France, and other bougie places.

Jill Desjean: I get around, yeah.

Justin Draeger: Beer runs, and whatnot.

Jill Desjean: Yeah, Allie, I didn't totally catch what you said about what a Don was, but I thought a dog was almost like a friar, right? I-

Allie Arcese: No, a Don is Spanish nobility. Like the-

Jill Desjean: Okay.

Allie Arcese: Yeah.

Jill Desjean: I think it had to do with the California history of the Spanish missions having settled-

Allie Arcese: Yes.

Jill Desjean: Okay.

Allie Arcese: Yeah, and it was always awkward for the girls' sports teams, because a Don is a man.

Jill Desjean: Yeah. [inaudible 00:39:41] The Lady Dons?

Allie Arcese: The Lady Dons.

Justin Draeger: When I think Don, I think of mafia. Aren't people high in the mafia, the Italian Mafia, would be Dons, right?

Allie Arcese: I think that's also true.

Jill Desjean: Yeah, And similarly royalty-ish.

Justin Draeger: Yeah.

Jill Desjean: Higher...

Justin Draeger: I like Megan's option, where it's just a guy named Don is our mascot.

Megan Coval: He's just khakis, [inaudible 00:40:08].

Justin Draeger: Khakis, button down, and [inaudible 00:40:11].

Allie Arcese: I'm gonna email my high school, and suggest that, and link to this podcast.
Justin Draeger: If we have any listeners named Don, I think they should get a fast pass to be contestants on the...

Megan Coval: Same.

Allie Arcese: Yeah.

Megan Coval: Good idea.

Justin Draeger: All right. All right. Thanks, everybody for joining us for another edition of Off the Cuff. Send us your comments, remember to subscribe, tell a friend, and see you again next week.