

NASFAA's "Off the Cuff" Podcast – Episode 287 Transcript

OTC Inside The Beltway: Debriefing the NASFAA Leadership Conference and ED's FAFSA College Support Strategy

Justin Draeger:

Hey, everybody. Welcome to another edition of "Off the Cuff." I am Justin Draeger.

Karen McCarthy:

I'm Karen McCarthy from NASFAA's policy team.

Hugh Ferguson:

And I'm Hugh Ferguson from our communications team.

Justin Draeger:

Welcome, Karen and Hugh, and we've got Maria, who will be joining us in and out this podcast she's producing this week. Hi, Maria. Hey, Karen, I can always tell when you've got something important going on because you're dressed up today, but I thought you had a radio interview. Did you dress up for your radio interview pre-podcast, or what's going on here?

Karen McCarthy:

Well, there was a little confusion. The request came in kind of late. Hugh was setting it up because Allie is out on vacation, so I didn't want to -

Justin Draeger:

In California, I should add. This was a live interview on the radio in California. Allie could have heard this live.

Hugh Ferguson:

And she did flag this request for me.

Karen McCarthy:

Oh, she did? Okay.

Justin Draeger:

Yeah, so she was working anyway.

Karen McCarthy:

But it said it was from CBS Radio.

Justin Draeger:

Right.

Karen McCarthy:

But then they gave me a Zoom link.

Justin Draeger:

So you dressed up?

Karen McCarthy:

Well, my question, and Hugh tried to find out and they didn't really answer, was are you doing anything with this video? Do I need to look nice or not? I didn't. It was just pure radio. I don't don't know why we were on Zoom, honestly.

Justin Draeger:

How'd it go?

Karen McCarthy:

It was fine. It was a little snippet. It was at 9:00 our time, so it was 6:00 AM L.A time and you know you have made it when -

Justin Draeger:

Who's out driving around at 6:00 AM? I can't imagine the traffic's that bad.

Karen McCarthy:

I don't know, but I was on right after the traffic report. That was very long and there was a lot of traffic at 6:00 AM, so they went from traffic to me talking about the FAFSA.

Justin Draeger:

Well, somebody interviewed you, right? They just didn't go to you and you just started spouting off about the FAFSA, I assume.

Karen McCarthy:

Well, they asked, "Tell me what's going on. I hear that there are all these delays."

Justin Draeger:

What is going on?

Karen McCarthy:

But doesn't that seem kind of an odd thing to, like...

Justin Draeger:

Like the traffic right to FAFSA?

Karen McCarthy:

Yeah. It wasn't NPR, it was regular radio stations.

Justin Draeger:
CBS News Radio is a thing.

Karen McCarthy:
Yeah. I didn't know.

Justin Draeger:
Okay, good for you.

Karen McCarthy:
Yeah. Right after the traffic report.

Justin Draeger:
I feel like in DC, I don't know, well, I do know because I'm of a certain generation where we still listen to the radio, but they stopped doing traffic updates on the radio here. They don't do them.

Karen McCarthy:
Oh. Why?

Justin Draeger:
Well, because I think most people don't listen to the radio for traffic.

Karen McCarthy:
What do they do? But you need to know traffic.

Justin Draeger:
You look at your phone.

Karen McCarthy:
You're looking at Waze or something.

Justin Draeger:
It's the same thing with the weather. I had this conversation with my parents a while back. I was talking to my mom and I was telling her I don't watch a lot of local news on the TV. She's like, "Well, how do you find out about the weather?" I was like, "Uh, one, I look outside, two, I look at my phone." Maria's giving me a nod. That's also how you look at the weather, right? I don't tune in for the six-minute forecast on evening news?

Karen McCarthy:
Do you always look outside, though? Have you ever caught yourself standing reasonably close to a door and you're wondering, is it raining out, and you look on your phone rather than... Have you ever done that?

Justin Draeger:

Instead of just looking outside?

Karen McCarthy:

Yeah.

Justin Draeger:

Yeah, yeah. I do find myself looking at my phone for more and more. Most of my reality is on my phone now, sure. Well, but I do listen to the radio, and I remember when NPR here in DC was like, "We're no longer giving traffic reports," and I was like, "What do you mean? How can that be?" Anyway, well, congratulations. I'm sure it went great, Karen, and we haven't received any complaints that I know of about your Southern California news update on the FAFSA.

Karen McCarthy:

We'll have to ask Allie if she was up at 6:00 AM and listening.

Justin Draeger:

I know when I'm on vacation, the first thing I do is set my alarm for 6:00 AM so I can listen to the traffic report.

Karen McCarthy:

Yeah.

Justin Draeger:

Well, good work as always, I'm sure. We have a lot to talk about. There's a lot to debrief on. Last week, we had our leadership and legislative conference here in Washington, DC. We were there for it. It was a great event. In fact, this was our biggest leadership and legislative conference to date. We had 475, roughly, people here for our conference. This was our biggest one on record. And in fact, when I talked to people inside, like this last week, Karen, we've had meetings with lawmakers and their staff and stakeholders and philanthropies and stuff, and I tell people that we had our conference, people think with those numbers, they're like, oh, so you had your annual meeting?

I'm like, "No, this actually isn't our annual meeting. This is 500 people that come for just our..." In association worlds, this is what we call our fly-in. All associations, in the month of February and March, and not just higher ed associations, but associations in general, have their fly-ins, and they're usually in the spring. This is when you come and Capitol Hill is very busy because people are flying in to meet with their legislators. This is not our annual, this is like 500 people that come in just for our leadership and legislative.

It's always in Washington, DC. We had several tracks this year that ranged from financial aid management and leadership, which was our new track this year, we had strategic enrollment management, which is a track that's been around for a couple of years, our compliance management pathway, which looks at everything from risk management and how to think about compliance management, and then our association and leadership pathway. That's been our most consistent over the years. That was what this conference was originally built on.

We also had our executive Leadership Collective in town. It's almost like our fellowship program. This is its inaugural year. It's a year-long program. They were in town this last year. And then, Karen, you and Nalia also worked with people to prep them and get them ready to go up on Capitol Hill, right?

Karen McCarthy:

Yeah. They did that the last day of the conference. We do kind of a prep meeting, and they go out and do their Hill visits, and then if they are able, they kind of come back and we do a debrief after, how did it go? Do you have any suggestions for us next year? Do you have any follow-ups that NASFAA needs to make? How were you received? Those kinds of questions, as well. This year I've heard a lot of feedback that people felt like the Hill visits, I feel like this year in particular, the Hill visits went particularly well because the FAFSA came up everywhere, and A, our members feel really comfortable talking about the FAFSA.

For people who haven't done Hill visits in the past and sometimes are like, "How much do I need to know? I need to study up. What might they ask me?" When you're talking about the FAFSA, our members know their stuff and know what the issues are. They were comfortable talking about it. And also in some years, depending on what's going on, sometimes we just don't have a lot going on, Congress is preoccupied with other things, and then we show up and we're like, "Oh, hey, financial aid, and we have needs, too." This year, financial aid was really top of mind for many of the offices, so it all worked out conveniently for the Hill visits, and people really found a lot of benefit in doing that.

Justin Draeger:

Yeah. This is the type of year where our members showed up and we weren't trying to wedge our issues in between other issues.

Karen McCarthy:

Right, right.

Justin Draeger:

Our issues were worthy issues, so great timing. Hugh, how many leadership conferences have you been to?

Hugh Ferguson:

This was actually my first one.

Justin Draeger:

Oh, is that right?

Hugh Ferguson:

Yeah.

Justin Draeger:

What did you think? In relation to our annual meeting, what did you think of our leadership conference?

Hugh Ferguson:

I was surprised by the size of it, I think, just that it was... I went right before it started, just to get a sense of the layout because I was anxious about how to get from place A to B and hop all around, and I was just so surprised at how easy it was to navigate the entire hall and get super familiar with the members that were there, because you could start recognizing, oh, I saw this person on the first night, or this

person in this session. It was a more manageable space than our national conference, where my step count for that is just off the charts.

Justin Draeger:

Right. For our annual meeting, it's bringing in somewhere between 2,000 to 2,500 people. This is around 500, and last year, I think we brought in around 420, so it's right on the cusp of being an intimate, small group, right on the cusp of being a large group. It's one of the conferences where, because we're in DC, we can bring in some dignitaries. We have surprise visits. At this conference we had Senator Tim Kaine, who provided a bit of an introduction. We'll turn to his remarks in a minute. Secretary Cardona made a last-minute change in his schedule so that he could attend. He made some announcements, which we'll get to some member feedback on in just a moment.

And you're in Washington, DC which, you know what? I've lived here for almost 20 years, and I still love our nation's capital. I love it. I love DC. I think it's a great city, and just like this leadership conference, DC to me, it's a great, big, little city. It's a big city, but because all the buildings have these artificial caps on how big they can be, it's very navigable. It's an easy city to get around in. It's set up in a grid. I think it's a great conference all the way around.

Great conference, glad everybody could be here. It was at the historic Mayflower Hotel, which is a great venue, and there were people up in the balcony. We had box seating for folks who couldn't fit in the ballroom proper, so it did feel very theatrical. Like I said, Senator Tim Kaine, who, back in December, spearheaded an effort in the Senate to make several asks of the department given the delays that have been ongoing and announced in an ongoing way, started the conference off, he sent over a video. Maria, let's cue up a little audio from Senator Kaine's welcome, can we?

Senator Tim Kaine:

The redesigned FAFSA is predicted to help 1.5 million more students, including nearly 38,000 students in Virginia, access maximum Pell Grant Award. Well, despite this big accomplishment, the rollout process has been less than smooth, so that's why I led a bipartisan effort in December with more than 35 of my Senate colleagues to call on the Department of Ed to provide clear guidance and communication to students, financial aid administrators, counselors, and schools leading up to, and then after, the release of the new FAFSA. I look forward to continuing to work with you and the department to make this process better.

Justin Draeger:

Senator Kaine, of course, being a big supporter of some of the asks that we made in December. And just so we can hit this a little harder, because we'll get into some of this, Karen, can you review with us real quick, we wrote a letter, worked with Senator Kaine's office and Republicans and Democrats on this, what were the asks that we've been making of the department over the last two months, given the FAFSA rollout delays?

Karen McCarthy:

We sent up a list of requests way back in December, and that was back, if you remember the timeline, which is all a little fuzzy now, but that was back when the department expected to have ISIRs out to schools in late January. We recognized, as soon as they made that announcement, that this was an opportunity for us to request some administrative relief, basically to clear the decks so that once the ISIR showed up, that schools could focus their efforts on processing FAFSAs, resolving discrepancies, doing all of that to get aid offers out the door.

There were some kind of more, I guess I would call it softer requests about clear communication, making sure that it's timely, letting students know what to expect, all of those kinds of things, but then, specifically on the burden requests, I would say that our two biggest requests in terms of impact, one is around verification, and our specific request was for a lower overall verification selection rate. That request is really, verification is tied into the whole application process, and the completion of verification is often contingent, well, it drives when the student is going to receive their aid offer, so that's kind of all tied in. If we could get that out of the way, that will help the aid offers to get out the door a little bit more quickly.

The other, in terms of the size of the impact that we requested, would be a reprieve on gainful employment reporting that is scheduled to be due July 1st of this year. That is more of a topic not related to aid offers, but very time-intensive, we don't have a lot of guidance from the department, there's going to be a lot of work for schools to do, and in the absence of all this going on with the FAFSA, all of that work would be happening now, in this coming spring, leading up to July 1st. That's the time when now, schools are really needing to be focused on the FAFSA and getting aid offers out the door.

And then we also had a couple of requests for areas that would impact, I would say, fewer schools. Things like, "Can you please hold off on doing routine program reviews and only focus on program reviews where they're absolutely necessary, there are suspected financial issues or fraud going on?" Again, so that schools can pay attention more to process FAFSAs-

Justin Draeger:

And just to be clear, we didn't ask for them to not pursue cases where there was suspected fraud. It was just in the standard reviews that come up, it was sort of like, "If you see that there's an issue, pursue it, but otherwise a reprieve from any schools with the back-and-forth data requests," that sort of thing.

Karen McCarthy:

Right.

Justin Draeger:

We're going to get into some of that in just a moment, because Senator Kaine had led an effort in December backing us up on some of those requests. And then while we were at the leadership conference going into that weekend, in some back and forth with the department, we had made a request, and of course, the secretary of education has a standing invitation at any of our meetings, but we made a special request to the department to say, "Hey, we had just heard the news that ISIRs going to be coming until the first half of March." We've talked about that in a previous podcast.

That, of course, was met with a significant amount of disappointment, from us and our community, the college access community, high schools, guidance counselors, admissions, et cetera. It would go a long way in terms of partnership for the department to come over and talk to this big convening of financial aid administrators. The secretary had to make some rearrangements in the schedules. He did come over, and there was a lot of buzz when we announced this last-minute schedule change. He came over at the end of the day on Monday, and had some press calls before he joined our conference. They set up sort of a small, little command post.

Just to give some sense to folks behind the scenes, this is a cabinet-level position, so this is a person who is in the line of succession of the White House, of the presidency. If you're looking at the Constitution, we're talking designated survivor stuff, so when the secretary of education comes over, there is a contingency of -

Karen McCarthy:

Hubbub.

Justin Draeger:

Yeah. There's a hubbub. There's like a command center that comes.

Hugh Ferguson:

Yeah. They did a whole sweeping of the floor to check where everyone was.

Justin Draeger:

Yeah. That's right. People come over the day before to check out the venue, there's secret service that are all over the place, it's a very controlled environment, and it's real. It's real stuff. Anyway, they set up a little command center, and so the secretary came over. I'll get into a little bit more of my conversation with the secretary, which I was able to spend a little bit of time with him before he came in and spoke to the participants, but, Hugh, he came to make an announcement. Why don't you walk us through the announcement and some of what he spoke to the NASFAA participants at our conference about? Maria, I want to hear from some of the reactions from that announcement, and then we'll do a quick debrief. Hugh, what did he say?

Hugh Ferguson:

On Monday, Education Secretary Cardona addressed the NASFAA 2024 Conference to announce a new partnership called the FAFSA College Support Strategy, which seeks to provide institutions with additional resources so that they can best prepare to process student records as quickly and accurately as possible. As a part of the strategy, Ed has taken a three-step approach to this new effort, which is namely planning to deploy federal personnel and expertise to colleges to help them prepare financial aid forms, directing up to \$50 million in federal for technical assistance and support to under-resourced schools, and releasing tools that will help schools prepare to deliver their financial aid packages. The department announced as a part of Monday's briefing that they are going to focus on lower-resource schools that may have fewer administrative staff in their financial aid offices and have older software systems.

Justin Draeger:

Anything else that stood out to you about his remarks to conference attendees, Hugh?

Hugh Ferguson:

Yeah. I thought it was nice to hear his personal story and his background with pursuing higher education. In his remarks, he had mentioned that he himself didn't fill out the FAFSA form because of how complicated it seemed for him, and that, in order to do it, seemed like he'd have to be asking his parents to make more sacrifices to just get aid that he was clearly entitled to.

Justin Draeger:

Secretary Cardona's background, if you don't know, he comes from a family that came from Puerto Rico to the United States mainland looking for opportunity, one of several siblings who pursued postsecondary education. Also, a person who found his way through college, had to work an educator his entire life, school teacher, elementary school teacher, elementary principal, special focus on special

needs, really came up in sort of the K-12 and then through Connecticut state education, former superintendent, and so, I think it came through in his remarks, a real big place in his heart for the transformative power of education. He delivered these remarks, talked about the partnership. Maria, let's get into some of the comments that we heard after Secretary Cardona's remarks. What do we got?

Maria Carrasco:

A lot of these comments were about the partnership. A lot of folks had general concerns about asking an already understaffed and overworked profession to do more.

Justin Draeger:

Right.

Maria Carrasco:

Here's one comment, "That's what I haven't understood since I heard the announcement. You're going to work with orgs to get FA staffing. There can't be that many retirees out there, and what school is going to let their staff work for another institution for this period?"

Justin Draeger:

Good question. Any other comments?

Maria Carrasco:

There were some positive comments, "I did not really think that I would ever go back to processing aid applications, even on a temporary basis, but this feels like an all-hands-on-deck moment. I will put my name in, and I would encourage anyone with five-plus years of aid experience." And then someone else commented, "I signed up, happy to lend a hand."

Justin Draeger:

I understand both sides of that sentiment, and I also understand sort of the level of potential confusion. Let me try to marry up a couple different thoughts on this. One is, Karen, you just rattled off the things that we had asked for in December, lower verification rates, a push on GE reporting and financial value transparency reporting, a pause on program reviews. Senator Tim Kaine started off our conference asking for some of those items, as well. The secretary of education, Miguel Cardona reconfigures his schedule to be at our conference, and while we did not in any way promise that he was coming to make these announcements, I think if there is, I've heard it and I think there's some truth to this, happiness is the gap between reality and expectations. I sort of get in retrospect why people were like, "The secretary's coming. He must be coming to announce the things that NASFAA asked for."

Karen McCarthy:

Or even like, "The FAFSA is fixed. All of the issues are fixed."

Justin Draeger:

Well, if that was your expectation, I can understand why people were perhaps then left with like, "Now, what's this partnership? I get it."

Karen McCarthy:

I also, I did see a reaction that made me laugh out loud, where somebody said, "I don't need feds on my campus. I need ISIRs."

Justin Draeger:

Right. Then there's the whole thing of, I also did get some of that, which is like, "The last thing I want are feds crawling around my campus right now." Although, I do understand other schools might be in real dire straits. Let me try to color in some of the lines here a little bit with some perspective, which I also tried to do on day two, and we had our federal colleagues in in a more closed-door setting.

We've had subsequent announcements since the secretary's initial announcement, but I do want to try to color in some of the lines. And you know what? I'm not here to change how people feel. People should feel however they feel. I'm here to just try to provide some contours to this conversation. One is it is not normal for a secretary of education to know what an ISIR is.

Karen McCarthy:

I was struck by that. When he used the term ISIR, I was like, wow, this is a secretary of education. He's all up in our business now.

Justin Draeger:

Right. This is not normal. Before the secretary came on speaking, he and I spent about 10, 15 minutes, he and I chatting, and this is what is important about this, he was unstaffed for this meeting. Anytime I meet with political appointees, or even senators and folks in Congress, they are usually staffed, meaning they have staff who are sitting behind them or in the background that can provide them context or take notes. In this meetings, the secretary and I, I was unstaffed and he was unstaffed, and it was just he and I.

I just think that's important to point out because he just wanted to have a real conversation about the fact he was directly engaged on this effort. And what I want to point out with that is if there is a cabinet-level position who is now directly engaged on an issue, it means that the White House, and more than just the White House staff, you have a cabinet-level position who is now engaged on when ISIRs are coming out, when test ISIRs are coming out, this is the stand-in for the president. That's how much attention is on this issue right now.

I just want that to sort of settle in for a moment. I don't know if it makes anybody feel better, but it's a pretty big deal when a cabinet-level position comes over and is talking about what are essentially weedy issues. We don't use the term ISIR when we talk to the press. That's not a word NASFAA uses. It's a word we use with each other, but it's not a word we go out and talk to the general public about. I'm just trying to highlight that the secretary had spent hours, and has since spent hours, with FSA directly engaging on this issue. It's top of mind for him, and I imagine for the top brass over at the White House.

Number two, maybe we could quibble about order of operations, but some of those announcements did come out in the exact days after the secretary was here about verification selection rates, program reviews, the very things that we asked for. Maybe order of operations was a little backwards, but we'll hit on some of that in just a moment, but it was coming, and in a closed-door session the next day, the department actually did touch on the fact that what we had asked for with verifications was coming.

The secretary really highlighted this partnership, and I want to color in some of those lines, as well. Hugh, you mentioned the partnership and Maria, you highlighted some of the comments. The folks who are like, "Hey, look, we're slammed. I have no bandwidth," to those folks, I want to say I hear you, I get you. You do what you have to do. We're not here to lay a guilt trip on anybody to give up time they

don't have. The department came to us and asked if we agreed that there are severely under-resourced institutions whose systems are not up to date and do not have the staff to actually process new ISIRs when they come in, and we said we agreed that there were schools out there in those circumstances.

They asked then if we would be willing to try and help, and our answer to that request was, "Of course, because that's our mission at NASFAA. That's who we serve, that's our DNA, that's who we are." Now, whether we could, we don't know, so last week, after this announcement, within two days, we put up an interest form to see are there members out there, NASFAA members, that can step forward and help? We put out an interest form to find if there are aid administrators out there that have at least five years worth of experience on the ground in an aid office, either in a leadership position or in some sort of processing role, that can provide at least 10 hours per week in some sort of flexible schedule, working remotely, in a consultancy role and with permission from their current institution to provide help to these severely under-resourced institutions, and the response so far has been positive.

As of this last week, we've had more than 200 individuals from our membership step forward and say that they could at least provide those minimal criteria. Now, on the NASFAA side and our partner, Blue Icon, they are sorting through those to try to separate folks by their financial aid management experience, whether they can provide evaluative services or processing help, and we have more coming in every day. To those who have already stepped forward to volunteer, I just want to say a big thank you, and to those who can't, it's okay. We understand.

As of right now, we are still working through all of the final details with this partnership. As we understand it, these institutions will be selected by the Department of Education, although we are certainly willing to go out and help them figure out what the criteria would be. As far as the funding, because another thing I've heard is, "Well, if there's \$50 million in funding available, can't that just be used in some other way?" The grant/contract is actually being made through ECMC, through a federal fund that's held by ECMC.

It's not actually Department of Ed-appropriated money, so it's not funding that the department actually holds itself. It's through ECMC, which is a federal student loan guarantor from the now-defunct Federal Family Education Loan Program. There are still outstanding loans, those loans are guaranteed, and there are federal funds associated with those guarantees. That's really detailed information, but if anybody's interested in source of funding and how funds can be used, I thought I would just share that part.

Karen McCarthy:

But that's a really interesting question and a logical question for somebody. Several of our members did bring up, "If there's \$50 million, why aren't they better staffing help centers for both applicants and for schools?" And they say that the Department of Ed claims that the reason we have these delays is that they were underfunded, so couldn't they divert some of this \$50 million there to help them get ready so that didn't have to do this outreach to under-resourced rules and all of that?

Justin Draeger:

Right.

Karen McCarthy:

It's a really important distinction, I think.

Justin Draeger:

It's an important distinction. I would also say, I'm not defending or passing judgment on how they are directing or putting any of this together. I'm only saying from NASFAA's part, we were asked to support schools, and our answer is yes. If it comes down to can you help schools? Then our answer is always going to be, yes, we will help schools. That's our mission. That's what we've been asked to do and that's what we're working towards.

I hope that we'll have more final details about what the selection criteria are, whether there are schools that want their peers on campus, Karen, to your point about feds. I don't know who would accept federal employees on their campus to help out or whether they would prefer to have NASFAA or peer aid administrators on their campus, but all I can say today is we've had a lot of people in the last week say they are willing to go help out as consultants to go help, and we're building out the infrastructure to make that happen. A big thank you to those who are still evaluating this. If you can help out, please submit your interest, and we'll follow up with you.

Let's get to the other announcements, then. The other thing that the secretary said when he was here was they would commit, and that was on that Monday, they would commit to having test ISIRs available for schools within two weeks, which, I guess at this point, puts us within this week, right, Karen? Can you catch us up on the test ISIR issue and what we should expect?

Karen McCarthy:

Yeah. When Secretary Cardona spoke, he specifically said within two weeks, but then in the follow-up written announcements that were pushed out, there was a specific date listed and it said by February 16th, which we are recording on the 15th, so maybe by the time you're hearing this, the test ISIRs will actually be out there.

Justin Draeger:

Can we get some clarity on how many test ISIRs, and what does this look like with the test ISIRs?

Karen McCarthy:

Yeah. We don't know exactly how many. They had committed to providing, their original number was 300 to 400, and then they said, "Oh, we think it's going to be closer to 100." And then as time went by, they indicated that they were not going to have 100 ready all at the same time, so this initial release would probably be a smaller batch, and then there would be another smaller batch coming out at some unknown subsequent date. Our feeling is that schools are anxious to get their hands on whatever they have as soon as they have it ready, so smaller batches, if that's what they can offer, then schools will gladly take that.

Justin Draeger:

And then I feel like the one that people were really waiting for, test ISIRs was a big one, and again, the secretary of education is talking about test ISIRs, getting into some really weedy issues, and then the other one is verification. Our federal colleagues came and talked at our conference about verification, and now we have an announcement out about verification specifically. Hugh, why don't you catch us up on what the department has said about verification relief?

Hugh Ferguson:

The Department of Education, on Tuesday morning, detailed its latest efforts to help institutions prepare for the FAFSA rollout, and this is namely by reducing verification requirements, suspending

routine program reviews, and providing flexibility on renewing participation in the federal student aid programs.

Justin Draeger:

Reducing verification requirements. Maria, what was the reaction from NASFAA members to this announcement?

Maria Carrasco:

There are quite a few comments on our article and in NASFAA communities. Here's one, "Here's hoping it truly is a reduction of verification rates and not just hyping a naturally occurring reduction based on the new FAFSA."

Justin Draeger:

What else?

Maria Carrasco:

Here's another one, "Good. This will ease the burden a little bit as some verifications can be time-consuming, and time is something that schools just don't have a lot of this year. Some other things would be great if they either postponed or completely got rid of for the 2025 year, but it is a good start."

Justin Draeger:

And any others?

Maria Carrasco:

"I think I speak for all FAAs when I say praise the Lord."

Justin Draeger:

Praise the Lord. All right. Any on the other side? Any other concerns about the verification reduction?

Maria Carrasco:

Yeah. There were some people that were a little bit skeptical, "After further review and two cups of coffee, the support is really not much support. It's like giving us a snow day in NYC, nothing new. They're not eliminating B-1 verification. They are saying it will be reduced. Duh. Income data will be from the IRS. As for no new program reviews, very few schools get program reviews during the year, and for recertification, the website is a mess. Some schools can't even access the e-app. Hundreds of tickets have been opened."

Justin Draeger:

Give us one more.

Maria Carrasco:

This came from our article, "The reduction in verification requirements will open up a lot of schools to fraud and identity theft issues. During the pandemic when verification was waived, we saw a lot more fraud problems come through our school, through our distance education program."

Justin Draeger:

All right, Karen. Let's break this down a little bit. You mentioned the verification reductions. The other thing they said was they would be basically pausing program reviews, or at least the standardized program reviews, and then they would also be extending the recertification processes. If you need a recertification, you will essentially be having more time to complete those recertifications, which again, doesn't impact every school, and program reviews impact smaller schools, but these are things we asked for, because if you happen to be one of those schools caught up in that process, it is pretty cumbersome and burdensome. But talk to me about verification, and I think there's a conversation here. Some schools were like, "Give us the COVID waivers," but I think we have to think about this in terms of net benefit, right?

Karen McCarthy:

Right. And they did say in their announcement, kind of in response to the comment that Maria just quoted about the concern about fraud and that when we had the waivers during the pandemic, the school saw a lot more attempted fraud. In their announcement, they did very clearly say that they would be focusing their lowered verification efforts on cases where there was suspected fraud, identity fraud-type situations. Hopefully, they will get that balance better. I don't know if the Department of Ed saw the same thing that this commenter did, and that's why if they are paying closer attention on that side, but they did clearly say, "Overall, there will be lowered verification. We will be focusing our efforts over on the fraud side of things."

Justin Draeger:

One, they are focusing on V4, which is the identity.

Karen McCarthy:

Yes.

Justin Draeger:

That should get at the fraud. Do you think it's fair that folks who are saying, "Well, yeah, of course there won't be any V1, because everybody's using the IRS because of the data share between the IRS," but not everybody can use the data share?

Karen McCarthy:

Right. I don't think that it was a foregone conclusion that there was going to be lowered verification, because we have been asking Ed all along during this whole FAFSA implementation, "So, we're going to see lowered verification? That was one of the goals of doing FAFSA simplification, what are you doing with verification?" And had never gotten any commitment from them on anything. I don't know if they were having conversations and making all their plans about overhauling verification. I don't know. It looks to me like they were really focused on the FAFSA implementation. We also know that historically, they like to gather several years worth of data before they make large shifts in their verification algorithms, so I was kind of thinking in my head, well, it's probably going to be several years before we see significant verification relief because of the new FAFSA.

Justin Draeger:

Right. You could actually see a higher selection rate this year, let that run, and then have the machine do the learning, and then narrow in after you had a sample.

Karen McCarthy:

Yeah. And they did clearly say that they were going to be returning to random verification, they felt like they needed to go back into data collection mode. Everything was so different. They needed new baseline data, so in my mind, that was like, oh, several years from now we'll really see significant verification.

Justin Draeger:

Right. I guess on our end, what we would say is we actually do see this as a pretty big victory, because they've basically said they're knocking out V1s, they're going to focus on V4s, and even there, the overall selection rate will be quite low. Behind the scenes, when we talked to the Department of Education, they have said that the selection rate will be very low, even on the V4, and actually, the selection rate will be lower than it was even during the pandemic. This is where I get into net verification burden, because you could do, like people were saying, "Well, we need the waivers." I guess where I'm going with this is we're trying to do a balancing act between preventing fraud and abuse and trying to reduce the burden on students and schools.

As you try to balance those things out, maybe waivers isn't the best way to knock out fraud and abuse, so you don't want to necessarily do waivers, but you do want to reduce the overall burden by doing an ultra-low selection rate. Maybe the best thing that you do is you don't do the waivers, but you have a selection rate that's ultra-ultra low. If you're a school, you're saying, "Well, how low is ultra-ultra low?" Well, I don't know. If you're doing lower than the pandemic, you might be in low single digits. Remember, when we used to have QA, quality assurance, QA would cut off at what, Karen, 30%, right? That's what we used to consider low selection rates.

Karen McCarthy:

Yeah. There was a 30% verification cap that applied to all schools.

Justin Draeger:

30%.

Karen McCarthy:

Yep. You didn't have to verify anymore than that. Routinely, there were some institutions that saw in the 40s, 40% selected.

Justin Draeger:

If you've been in this for a while, you'll remember that 40% was not unheard of. 30% was like your safety. That's where you could pull your safety harness and be like, "I'm not doing anymore. 30% is my cap." Now, we're talking about selection rates that are going to be not even in that vicinity. And if we're talking about overall burden reduction on students and schools, we're talking about an ultra-low rate. Your verification staff will stay, but they'll be doing fewer. Hopefully, they can be redeployed to some other things in helpful ways on campus. That's the objective here, and we're still keeping a watchful eye on fraud and abuse.

I see this as really good news all the way around, and I think these are good first steps, and we need a sustained effort from the Department of Education going forward. One big, unanswered question, Karen, I've gotten this probably two dozen times in the last week, they did not say anything about gainful employment reporting deadlines. Can you clarify what did we ask for, because I want to be clear on this, and then what have we heard from the department?

Karen McCarthy:

Yeah. What we asked for is we'll have kind of a multi-year implementation of the new gainful employment requirements. The first step of that implementation is that institutions will need to report in all the data to the Department of Ed. Then the department of Ed does all the work on their end, there's a public website for the financial value transparency. They need to crunch all the numbers, collect all of the data that they need to calculate the metrics that doesn't come from the school, so we're supposed to be drawing from other federal agencies as much as possible. The Department of Ed has a significant amount of work there in the middle. And then ultimately, we get to the place where that new financial value transparency website is up, the GE metrics are out there, and the department is communicating with institutions about programs that didn't pass the metrics and all of that. That's full implementation.

That full implementation is not scheduled to happen, and the metrics really being applied to programs, until 2026. The whole thing is supposed to start now with the school reporting, and so what we have asked for is if we can have a delay in schools beginning that reporting into Ed. That's step one, can we start this whole thing a little bit later? What that would do, if you're thinking about the whole timeline, if the metrics are applicable in 2026, if we got a delay on our end, the institutional end, that would give the Department of Ed a little bit less time to do their pieces before the same exact implementation date, full implementation, would take effect in 2026.

Justin Draeger:

Right. If anybody is misunderstanding or maybe, I don't want to say purposely misconstruing our position, but we're not asking for a delay on implementation, we're asking for a delay on reporting.

Karen McCarthy:

Right.

Justin Draeger:

That would give the department less time to pull together their stuff, but more time for our schools to pull together a reporting schema that isn't even out. We don't have the reporting schema.

Karen McCarthy:

Yeah. There's been no guidance out from the department at all after the final rules have come out on gainful.

Justin Draeger:

All right. And as we understand it, Karen, the department says it's not off the table. They're still discussing.

Karen McCarthy:

Correct.

Justin Draeger:

We are still waiting for an answer on that, and we hope that they'll come to the right conclusion, which is I don't see how they have time, let alone we have time, to pull something together by July 1.

Karen McCarthy:

Yeah. I feel like that's our best hope, is that the Department of Ed hasn't put out any guidance. They have a lot of work to do to tell schools what they need to do to do the reporting, and I'm not sure how far along they are in that part of it either, so everybody is time-crunched right now.

Justin Draeger:

I just want to ask you a question, Karen, a thermometer check, and then I want to hit one other thing. Based on all the news we've received since our leadership conference last week, would you say it's been overall, since we heard... The break is when we heard that the ISIRs are being delayed till March. We got over that hump. Since then, do you think that the department news has been mostly positive or negative?

Karen McCarthy:

Those are my only two choices, right?

Justin Draeger:

Are we trending positive or negative? I'm not saying -

Karen McCarthy:

I would say trending positive.

Justin Draeger:

I'd say we're trending in the right direction. Yeah, I would. I'm not saying we're back to baseline. I'm not saying everything's great. I'm saying we're starting to see movement in the right direction. I think it's important to acknowledge that sometimes, because otherwise we find ourselves spiraling down dark pits of despair and cynicism. I think we do have to pause once in a while and say, "We are getting to a better place, the secretary of education himself is directly involved in these things, and let's keep going."

We also, though, have to acknowledge where there are still failures, and the one big failure right now that is still outstanding is the fact that not all students can complete an online FAFSA. I just want to ask one question before we wrap up here, do we have a workable plan or timeline in place in when students with parents without Social Security numbers are going to be able to go in and complete this FAFSA?

Karen McCarthy:

As of right now, I have not heard of any.

Justin Draeger:

Okay, and so the answer is for these students to complete a paper FAFSA?

Karen McCarthy:

Yeah, see, that's where it gets really complicated, because I do think, and it would be a lot easier if we knew what the timeline was. If it was next week, your answer might be different than if they say, "Oh, it's going to take us eight weeks."

Justin Draeger:

But there is no timeline?

Karen McCarthy:

No timeline. I think it depends on the student, and it's really not a great answer, because if the student, say, is attending a community college next year and they're not going to start until January and the only aid in the picture is federal aid, to that student, I would say, "Sit tight. Wait until they fix it. The online FAFSA is going to be so much faster and easier for anybody to complete, so wait for that."

Justin Draeger:

But if there's a crunch?

Karen McCarthy:

If somebody has a looming deadline, which, again, puts the burden on them to know what all their deadlines are and do I need to do it now or what, they can complete a paper FAFSA, but then there's the burden of completing the paper FAFSA and putting a stamp on something and mailing it in and all of that. But then the Department of Ed has also said they'll be processing paper FAFSAs after they start doing the online ones, and we don't have dates on that either. There's so many unknowns. You're making your decision based on incomplete info.

Justin Draeger:

This is a really big issue.

Karen McCarthy:

It really is.

Justin Draeger:

A really bad situation that these students find themselves in.

Karen McCarthy:

And the later it goes, the worse it gets, because more and more deadlines start getting sucked into the whole situation.

Hugh Ferguson:

And Karen, do we know if these paper FAFSAs will be approved, like if there's some sort of other contingency that a student might fill out information incorrectly that they would then get rejected by filling out the paper FAFSA?

Karen McCarthy:

There's nothing specific to the paper FAFSA that would make that happen.

Justin Draeger:

Except that they're at the end of the processing line. They get processed after the online FAFSAs.

Karen McCarthy:

They do.

Justin Draeger:

The schools, those will get processed last.

Karen McCarthy:

They did say that they are being time-stamped with a receipt date and that will be noted as the application date for that student, but they're still talking about a lot of the, "Well, what if someone mails in a paper, but then the online comes up, is available, and then they fill out an online FAFSA? Do the dates get overridden, and what happens with all of that?" It's kind of unfortunate, because now FSA is trying to figure out all of those things, they're trying to make a workaround happen, which was not even part of their initial conversations because they didn't know none of this was going to work to begin with. They're trying to come up with a long-term solution and then, well, what do we do right now? What's our best advice, and how would we change those procedures to make it less harmful to these students if they do submit a paper? There's a lot going on in that space, and as time goes by, it just gets worse.

Justin Draeger:

These episodes of "Off the Cuff" have gotten progressively longer since 2024. It's not our intent to make them 45 to 60 minutes long, but there's just so much we have to talk about every week with such breaking news, and we want to provide useful information. They are a little bit longer, but we want to provide all of this information, sort of debrief on all of this as we go along. But remember, send us your comments and send us your questions. Keep engaging with us. That's helpful for us to have sort of a conversation with you all as we move through this. A big thank you to you, Karen, thank you to you, Hugh, and Maria, a big thank you to you for producing and editing this week. A thank you to all of you out there. Remember to subscribe, tell a friend. That helps other people find the podcast, and we will talk to you all again very soon.