

# NASFAA's "Off The Cuff" – Episode 94 Transcript

Allie Bidwell: Hey everyone. Welcome to another episode of "Off The Cuff." I'm Allie Bidwell, one of our Today's News reporters.

Stephen Payne: I'm Stephen Payne with NASFAA's policy team.

Megan Coval: I'm Megan Coval with NASFAA's policy team.

Allie Bidwell: It's just the three of us today. Justin is busy with meetings so we're gonna go ahead and get right-

Stephen Payne: Gonna hold down the fort the best we can.

Allie Bidwell: Yeah.

Megan Coval: Yes.

Allie Bidwell: It'll be the best episode yet.

Stephen Payne: Best episode, yeah.

Allie Bidwell: The government shutdown is still going on, and the impacts of that have sort of rippled out to other things including, it looks like the State of the Union Address. There's been like... This has been a saga over the last week or so.

Stephen Payne: Yeah. I think that's fair to say.

Allie Bidwell: Is it on, is it off, back and forth. It's like whiplash.

Stephen Payne: Right.

Allie Bidwell: As of right now, it's delayed.

Stephen Payne: It is delayed, yes. That's the right term.

Allie Bidwell: Do you want to walk us through what all his-

Stephen Payne: I'll just do a quick the series of events.

Allie Bidwell: Yes.

Stephen Payne: So first, Speaker of the House, Nancy Pelosi, invites President Trump to give the State of the Union Address on January, 29th.

Allie Bidwell: And that's normal, like the Speaker of the House invites the president.

Megan Coval: Yes.

Stephen Payne: Yes. Then, shortly thereafter, Speaker of the House, Nancy Pelosi, sends a letter to the president saying that due to potential security issues, because of the government shutdown that it's probably in the best interest to cancel the State of the Union. Then President Trump came back this week, and said well you actually never officially dis-invited me so I'm still saying it is on as usual, and we're going forward on the 29th. Then immediately thereafter, Speaker of the House, Nancy Pelosi sent a letter back to the president saying well actually now I will officially make sure this doesn't happen, because in order for the State of the Union to happen congress has to pass a joint resolution approving a joint session of congress. So she's saying I won't bring that to the floor, officially dis-inviting the president, and the president responded and said okay, fine, we'll do it after.

Allie Bidwell: At one point wasn't he saying that he was just going to go do it on the steps of the Capitol? I think remember reading that somewhere.

Megan Coval: I thought for sure that was going to be his move, or to just get another primetime spot and do it from the Oval Office.

Allie Bidwell: Okay, yeah. Maybe that's what I was thinking of.

Megan Coval: Yeah, like giving up... Yeah, the last... Him agreeing to not do it, and to delay it, I find very confusing from a political standpoint, and I'm just trying to work through what the political calculus is there, because it cannot be as simple as he's just giving in.

Stephen Payne: Right.

Megan Coval: So I'm trying to think through that game of chess there.

Allie Bidwell: I don't know. Is it like optics or what?

Megan Coval: I mean, I think it could be part optics, and maybe him just trying to show a little bit like I'm trying to work with them, but there's, I guess, part of me that just thinks there's something else there that they're going to pull out in a couple days. I don't know, what do you guys think?

Stephen Payne: Right. No, I think that's true, and I think that... I don't know if it's maybe they want to have a State of the Union that's not just about the shutdown, because imagine having it-

Megan Coval: Yeah, right now.

Stephen Payne: During a government shutdown.

Allie Bidwell: Being like, what IS the state of our union?

Megan Coval: I'm going to talk about all these plans for these agencies and departments that are not working right now.

Stephen Payne: Right, exactly, or what do they just spend all of the time talking about the wall, and then would Democrats boo. You can just imagine how...

Allie Bidwell: It would not be great.

Stephen Payne: Right.

Megan Coval: It's not a very rah-rah opportunity.

Stephen Payne: I also think that President Trump does the best in campaign rallies. I think that's where he really feels energized. That's why I thought he would do a rally instead or something.

Allie Bidwell: Yeah.

Stephen Payne: Maybe he still will, who knows. But I think he really likes the crowd energy from his supporters that he feeds off of, and at a State of the Union, regardless of everyone agrees with you or not, you don't get that same energy.

Allie Bidwell: Yeah.

Megan Coval: It's not quite the same. I feel like Stephen already knows this, and maybe Allie too, that the fun facts about the State of the Union is the president actually doesn't have to deliver it every year. The constitution says the president is to periodically update congress, and so for a long time they would just submit written reports, and then it started with Woodrow Wilson doing it annually, and more as a chance to elevate the president's agenda. I think it's interesting within this context, because I think there's this perception that it has to happen every year, or it has to happen at the end of January, and it's just tradition at this point.

Allie Bidwell: But really, what would happen if there wasn't a State of the Union?

Megan Coval: Yeah. There's no like... It's not not meeting a constitutional requirement.

Allie Bidwell: There's not like repercussions. Yeah. The other thing that has sort of been delayed because of the shutdown is the president's budget proposal, which typically comes out the beginning of February, and we're assuming right now that that's going to be delayed.

Stephen Payne: Yeah. We don't have official confirmation, though we have essentially confirmation from Office of Management and Budget. That's a wing of the

executive office of the president, and they're the ones tasked with compiling the budget request, and OMB is one of the agencies that is shut down, and they're not all shutdown. It's an important office, and there's a lot of folks who are essential, but we've been told that work on the FY 2020 budget is not deemed essential. So, no staff member at OMB is allowed to work on the budget, so therefore missing now 34 days... Or being delayed 34 days will ensure that there's no way that a budget can go out as scheduled on February 4th.

Stephen Payne: It remains to be seen exactly when we'll see it. There's even just built in operational challenges with getting a budget out, like they actually print it, so they need to bill it in a week to send it to the printers, and things like that. It'll be interesting to see how that all plays out. That we don't necessarily expect much good news in the budget as we've seen in the past few years, some pretty big cuts proposed for student aid programs, but we'll keep an eye out whenever the shutdown ends. We'll probably have a sense of when OMB will be prepared to release the budget.

Allie Bidwell: And again though, I think we've said before too, the president's budget is not the end all be all of what you could actually see in the quote unquote real budget. It's just like a wish list.

Stephen Payne: Right. So for example; the president proposed in previous budgets to eliminate FSEOG, and Congress-

Allie Bidwell: Was like no.

Stephen Payne: Yeah. Congress said... Gave it its biggest percentage and dollar increase in the programs history on the backs of that proposal. So I think that just goes to show that-

Megan Coval: A Republican congress.

Stephen Payne: Right, a Republican congress, exactly. That's a good point. That it is a statement of principles, and it may or may not be received by congress in a way that maybe the administration would like.

Allie Bidwell: Yeah, and whatever comes out it's not necessarily a reason to panic or to bust out the celebration items.

Stephen Payne: Right, either way.

Allie Bidwell: Yeah.

Stephen Payne: I agree with that.

Allie Bidwell: It is what it is. One thing that did happen is Pell schedules came out.

Megan Coval: Cue sound effect of clapping. Woo!

Allie Bidwell: Woo!

Megan Coval: Yes, they came out this week, long awaited. Especially considering our spending bill was finalized at the end of September and passed into law, so long overdue, but here in time for the February 1, master calendar deadline. So we posted information about it in today's news. This year, the minimum award will be \$650, and the maximum grant 6,195. So a hundred dollar increase from last year, so that is good news. I think moving forward we will definitely be really following this closely this coming fall to hopefully make sure it doesn't take so long, because it really does kind of take two steps back from the progress that we should be able to have in terms of getting award notifications out earlier, because of prior-prior year, and early FAFSA.

Stephen Payne: Yeah, and this year we saw congress go through the entire budget and appropriations process early, by a few days. Getting it done before the October 1, deadline for the first time in two decades, so I think we were really hopeful to see Pell schedules out even sooner to get at exactly your point about early FAFSA and prior-prior year

Megan Coval: Yeah. I think with early FAFSA and prior-prior year it sort of brings up the issue of the February 1, master calendar date, and Steven reminded me before this podcast that in the PROSPER Act, which feels like a long time ago, but was really just a little over a year ago, they actually had proposed to change the date to November 1, which I think would be much more helpful, and of course align much more with those new policy changes.

Stephen Payne: Yeah, and that's challenging because in some ways, like in this year that would work perfectly, but what we saw last year was the department put out Pell schedules as required by law on February 1st, or by February 1st, but congress hadn't finalized appropriations for that year, so then they're putting out a Pell schedule-

Allie Bidwell: An amended one.

Stephen Payne: That's tentative. So it's kind of a mess. Probably in an ideal world it would just be ASAP after congress finalizes funding for the year, but yeah.

Megan Coval: Yeah. Anyhow, they're here. So next year we'll work to get them out earlier. Not to say that we were not on top of it this year, we tried our best, but some of the stuff is just beyond our control.

Allie Bidwell: Also going on at the department, the first session of negotiated rule making wrapped up last week. We had the main committee, which was focused on accreditation, and then three subcommittees, one each on faith-based entities,

TEACH Grants, and distance education and innovation. And Stephen was on the subcommittee for TEACH Grants.

Stephen Payne:

Yes.

Megan Coval:

We have a negotiator in our midst.

Allie Bidwell:

Karen also, Karen McCarthy from our policy team served as an alternate negotiator on the main committee. Any interesting facts from your time on the subcommittee Stephen?

Stephen Payne:

So definitely lucky to be on the TEACH Grant subcommittee. I think it is one of the least divisive, hopefully, and it has been thus far.

Allie Bidwell:

Yeah.

Stephen Payne:

Of all of the issues in the bucket, and I think there's a real sense from everyone at that table that we can all work together to try to improve the implementation and operation of the program, particularly thinking about all of the erroneous grant to loan conversions, and sometimes conversions that happened with error from the grant recipients, sometimes error from the servicer, sometimes error from the department. So there's certainly a lot of opportunities for improvement is a nice way to say that about the program, and I think that everyone at the table seems to be very engaged and interested in finding what the solutions are.

Stephen Payne:

We learned... As part of the conversations with the department, and with folks at the table, we learned about a number of errors in implementation thus far that resulted in some of those grant to loan conversions, including accidental grant to loan conversions while a student was still in school, which is certainly really problematic, and even in their first year of teaching. You're supposed to have eight years to complete your service requirement, so conversions that early are certainly not something that we'd expect to see. The challenge is that right now there's no opportunity for a grant recipient to dispute the grant to loan conversion, and so there was a kind of the shrug emoji.

Allie Bidwell:

Like what do you do? Yeah.

Stephen Payne:

From all actors involved, because there's no clear process to convert back, so good to see that the department in the meantime has since announced a process for folks undergo a review of their conversion, but for some of those folks that had their grants converted to loans they may have changed jobs because of that, it could be pretty big liability.

Allie Bidwell:

That was one of the things that you guys were talking about, was actually coming up with language for a dispute process, right?

Stephen Payne: Exactly.

Allie Bidwell: Which is forthcoming.

Stephen Payne: Exactly, yeah. That's something that the folks on the subcommittee are going to be thinking about in the time between then and the next subcommittee, but I was glad you're watching, Allie, because we are live streamed on YouTube for the entirety for each subcommittee meeting, which is kind of funny. It's like being in a little fishbowl.

Allie Bidwell: Yeah. It's definitely different, 'cause usually for the main committee I'll go in person, and I think Justin was mentioning this last week, there's just something about the atmosphere that you really get into it, and typically the subcommittees are not open to the public, so all that you get from that is whatever report they give back to the main committee, and for the first time these are actually being live streamed. So they kind of are open to the public. You can't go in person, but it's the next best thing.

Stephen Payne: Yeah.

Allie Bidwell: And everyone just seems to be like... It's probably one of the least controversial neg regs that has ever happened.

Stephen Payne: With TEACH?

Allie Bidwell: Mm-hmm.

Stephen Payne: Yeah, no, I think so. We'll find out as we go.

Allie Bidwell: And from like all the different constituencies, like someone proposes something and there's not really a ton of pushback. There's no clear like this is my position, and then the other position is the exact opposite, it's just like... I think how it's really supposed to work in an ideal world is people suggesting tweaks to other peoples' suggestions, but still moving in the same direction.

Stephen Payne: Yeah, I agree. Hopefully that continues.

Megan Coval: Yeah. I did feel like I watched a little bit on Thursday, and I felt like anytime... I wouldn't even go so far to call it a disagreement, but I felt like your group was very friendly. Like a "Oh, and I just wanted to say, and I might be looking at it wrong, I'm not sure. I see what you're seeing," like lots of nice qualifiers before. It was just very pleasant. It was nice.

Allie Bidwell: Yeah.

Stephen Payne: And not every subcommittee or the full committee is like that on every issue.

Allie Bidwell: No.

Megan Coval: Well, it wouldn't be any fun then, right?

Stephen Payne: So did you have a chance then, Allie, to... Where you checking in on some of the other subcommittees too?

Allie Bidwell: No, I wasn't. Just 'cause I was watching these all after the fact over the weekend, so it was a great long weekend.

Stephen Payne: Nice way to spend the weekend.

Megan Coval: Thrilling.

Allie Bidwell: I was just sitting on my couch like, "I'm going to get into some TEACH grant issues. Thanks to Martin Luther King Day."

Stephen Payne: Yeah, exactly. Plenty of time to dive in. Yeah, and we ran a... Allie wrote up a full recap of that two day meeting for teach grants that ran in Today's News this week.

Allie Bidwell: Mm-hmm, and I'll be there in person for the next full committee meeting. Those are happening in February. The subcommittees, I believe, are meeting before the full committee, the 12th, and 13th of February, and then the following week the main committee will meet again. So is the goal for you guys to have some recommendations to give to the committee at that meeting or potentially not until the third meeting?

Stephen Payne: It seems like the way that it'll play out is we made it through the entirety of the... As we've talked about before, the department proposed specific regulatory text to discuss instead of having it as an open-ended conversation, and then the department develops some regulatory text based on the conversation. So we go through the entirety of their proposals, made changes along the way, and left some areas to discuss. So in the next subcommittee meeting it seems like, based on the pace that we're on, that we'll finish sort of an initial run through, and then we'll be able to present to the full committee. I don't know exactly whether the full committee will have push back, and then we'll need to use that time again, or maybe since there is a lot of agreement that maybe things will kind of wrap up.

Stephen Payne: I know that some of the other subcommittees, and we could as well I guess down the line, but are thinking about the idea of presenting options to the full committee, because at the end of the day the subcommittees can't vote, they're not voting, so it's sort of like suggestions and recommendations. I know some of the groups are thinking about option one, option two to present to the full committee for them to decide.

Allie Bidwell: Yeah. So I guess ideally you would want to give some sort of recommendation at this February meeting in case you do need that third session to redo stuff, and bring back another proposal.

Stephen Payne: Yeah, yeah, exactly. I think that will depend on the reception of the full committee, or if there's things that we can't resolve and need more time still, but we'll see.

Allie Bidwell: Yeah. Also going on, there was some change over at the department where the enforcement chief, who's in charge of the... What is it called? The Student Enforcement Unit?

Stephen Payne: Yeah. The Student Aid Enforcement Unit.

Allie Bidwell: Student Aid Enforcement Unit, which has kind of been dormant almost for a while.

Megan Coval: They handle the Borrower Defense team.

Allie Bidwell: Yeah.

Stephen Payne: I think that term and name is pretty recent from the Obama administration, and I always thought it was funny. I don't know if we've talked about this before, but I would say this every once and awhile on the road, because we had it in our slides a few years ago. But when they came up with that name it always reminded me of a very nerdy Law and Order series.

Allie Bidwell: Oh, so then you have the- dun-dun!

Stephen Payne: Student Aid Enforcement Unit. Yeah. These are their stories. I would watch that. But that always triggered that in my mind whenever we talked about Student Aid Enforcement Unit.

Megan Coval: That sounded very serious and heavy.

Allie Bidwell: Yeah, okay. New idea.

Stephen Payne: If Dick Wolf is listening, the executive producer of Law and Order.

Megan Coval: We got your next one.

Allie Bidwell: Anyway, the enforcement chief, Julian Schmoke, is no longer going to serve as the chief enforcement officer. There had been some push back on his appointment to that role from Democrats, because he used to work at DeVry University, which was one of several for profit college chains that had over the last several years come under scrutiny for various things. And in the meantime, it sounds like Jeff Appel, who is the director of policy liaison and implementation

for FSA, is going to, sort of in the interim, serve as the chief enforcement officer. He's got a lot on his plate.

Megan Coval: Yeah.

Stephen Payne: Yeah. I think that... And the way it was covered by some of the higher Ed trade press and media seemed to be alluding to the fact that the Democrats are in control of the House, and maybe they didn't want this individual in some sort of oversight hearing, or something like that. I don't know if that's true or not, and we can just speculate on that, but it is interesting. It is just a reminder as we move forward now through the year that as the Democrats are organizing, and probably after the shutdown, it's really going to be interesting to see the oversight activities from House Democrats, and the Department of Ed, and that will really ramp up.

Allie Bidwell: Yeah.

Stephen Payne: But no, there's definitely a lot of acting in interim titles.

Megan Coval: I was just thinking of that.

Allie Bidwell: Like dual delegated duties, and yeah.

Stephen Payne: Yeah. I was surprised to see that Mick Mulvaney wasn't going to be the acting Student Aid Enforcement Unit, 'cause he's like 10 different titles of acting in interim.

Allie Bidwell: But no longer at the CFPB.

Stephen Payne: Right, that's true. He lost that. So he probably has some free time.

Allie Bidwell: Side hustle.

Megan Coval: To pick up another one of those. Yeah.

Allie Bidwell: One other thing that came out this week that's maybe of interest, is the Annual Grapevine Survey, which comes out every year from Illinois State University. It's a project of Illinois State Center for the Education Policy and SHEEO, which is the State Higher Education Executive Officers association, which tracks state funding for public higher education from year to year. This year it sounds like there was a marginally better increase in state funding. So from fiscal year, 2017-18, to fiscal year 2018-19, states increase their spending, their support for higher education on average by 3.7%, and just for comparison last year when this survey came out, the year over year increase from 2016-17 to 2017-18 was just 1.6%, and that was actually the smallest funding increase in five years. So there has been generally an upward trend over the last five or six years, and it's a little bit better this year.

Megan Coval: Yeah, so that's...I think four or five years ago it turned around a little bit in recovery from the Great Recession. I guess even its small amounts, the fact that it continues to trend upward is a good thing.

Allie Bidwell: That being said too, that's just the average. There were actually five states that decreased their funding between 2017-18, and 2018-19, and those were Ohio, Alaska, Minnesota, Kentucky, and South Carolina. So the lowest drop was just a really small drop of 0.1% in Ohio. Alaska was also 0.1% decrease, 1.4% decrease in Minnesota, in Kentucky it was a 2.4% decrease, and South Carolina had the largest one year drop of all the states, and that was 3.7%, but generally good.

Stephen Payne: Yeah, we'll take the good news for sure.

Megan Coval: This talk of state funding, and local funding, and things like that really also came out this week, because ACE, the American Council on Education released an issue brief looking HBCU's, and just showing how they really struggle to keep up compared to other institutions. I hadn't realized this before, but they were saying while federally state and local resources make up about 38% of the total revenue of other colleges and universities, it's on average 54% at HBCU. So you think about how much schools were hit post-recession with the dip in state funding, and just proportionally how much larger of an impact that is on the HBCU's. So it's really interesting, definitely some things in there I hadn't realized, so we covered it this week.

Allie Bidwell: Yeah. Then also I think in that report in contrast, I think it said HBCU's also tend to have smaller endowments. Yeah, and just some suggestions in there for maybe some policy changes or considerations with regard to funding for HBCU's.

Megan Coval: Yeah, just to kind of level the playing field there a little bit.

Allie Bidwell: Yeah. We're most of the way through January now. Did you guys know... I think it's January 21st, I think is when most people give up on their New Year's resolutions. How are your guys coming? We talked about this a couple weeks ago.

Stephen Payne: Christina and I are doing pretty well on trying to wake up and start our days with-

Allie Bidwell: Like a more structured routine.

Megan Coval: Walk us through the new morning for Christina and Stephen. What time do you go to bed? Start with that.

Stephen Payne: Yeah, so that's changing too. So we used to go to bed a decent amount later.

Megan Coval: Like midnight?

Stephen Payne: 11:30, midnight. Now we've been going to bed closer to 10, so that's a big difference.

Allie Bidwell: That's like my bed time too.

Stephen Payne: So it makes it easier to get up earlier. I always try to be up around 7-ish, 7:15, 7:30, in that realm, and try to wake up, maybe eat some breakfast. Don't always eat breakfast, but sometimes, and yeah, get orientated for the day. I do feel more productive. I've always historically been... And I'm sure everyone is super interested in this. I used to be, and I am still am I guess technically, like a night owl. I do a lot of work really late at night, but you don't feel like... I feel like when you get up early and you do something, you feel better about yourself.

Megan Coval: I agree.

Allie Bidwell: Yeah.

Stephen Payne: Not like I stayed up and did something, you don't feel good about that for whatever reason.

Allie Bidwell: I think too, 'cause I used to be the same way, and like sometimes I still, but at night if you know you have something to do and you're like I should really do this, I should work on this. It's a lot easier to be like but I'll wait until tomorrow morning, it's only a couple hours away.

Megan Coval: Mm-hmm.

Stephen Payne: Mm-hmm.

Megan Coval: Yeah.

Allie Bidwell: If you want to do it in the morning it's kind of harder mentally to push it off, and I'm a procrastinator.

Stephen Payne: Yes.

Allie Bidwell: So that's important for me.

Stephen Payne: So overall things are going pretty well, so we'll see.

Megan Coval: I feel like the giving yourself time in the morning is just like the best thing ever.

Stephen Payne: Mm-hmm.

Megan Coval: 'Cause I also feel like it's just one thing to be productive and get things done, but I also feel like when you feel rushed at the start of the day it just kind of sets the tone for the whole day.

Allie Bidwell: And I feel like... 'Cause I think we all kind of have the similar resolution of being more organized and managing our time better in the morning, and in trying to reach that goal I've also discovered these other tools and stuff that I can actually use for work, like different social media scheduling tools, or things to like make cool graphics to put on our website, or on Twitter, or whatever. That so not only is it making things more efficient and saving some time, I'm like learning things too.

Stephen Payne: Nice.

Megan Coval: Yeah. I read something the other day that someone was saying that you should... The best time to go to bed is 8:45.

Allie Bidwell: What?

Megan Coval: Allow yourself a half hour to fall asleep, and then get up at 5:15.

Allie Bidwell: Okay, I don't know if I'll try that. That seems way too early to go to bed.

Megan Coval: There was awhile where we were getting up at 5:30 and I was really feeling great about it.

Allie Bidwell: You can't finish watching The Bachelor on Monday nights. It starts at 8.

Megan Coval: You can't. That's the problem, yeah.

Allie Bidwell: I'm in a fantasy league. I have to watch.

Megan Coval: We have to talk about this season, but obviously not on here, but Allie and I have to compare notes so far.

Allie Bidwell: If you have thoughts about The Bachelor, send them to me and Megan.

Megan Coval: Let us know. Yeah. I'm happy to hear them.

Allie Bidwell: That's all we have this week. Thanks for tuning in. As always, send your questions, suggestions, comments, New Year's resolutions.

Stephen Payne: Remember to subscribe.

Allie Bidwell: Yeah, subscribe. We'll talk to you next week.