

Justin Draeger:

Hey everybody. Welcome to another edition of "Off the Cuff." I'm Justin Draeger.

Karen McCarthy:

I'm Karen McCarthy from NASFAA's Policy Team.

Jonathan Fansmith:

And I'm Jon Fansmith from ACE's Government Relations Division.

Justin Draeger:

Welcome back. Good to see you, Karen and Jon. It feels like it's been a while and lots have gone on since the last time we talked. Karen, you've been traveling all over. Jon, I assume you've been all over the place traveling, doing lots of things.

Jonathan Fansmith:

Been doing a little travel. I was just in Hershey, Pennsylvania, a day or two ago. Sweetest place on earth.

Justin Draeger:

How was it? I've been there a couple times. You can literally smell the chocolate, right?

Jonathan Fansmith:

Oh, yeah. It's in the air. It's wonderful.

Justin Draeger:

Do you think they do that on purpose, or is that legit from the factories? I've always wondered that.

Jonathan Fansmith:

So as a kid growing up in suburban Philadelphia, we would go to Hersheypark every year, right? It was not very far. And the way you would get in was this ride, Hershey's World of Chocolate, and it was a very sort of Disney... Right? You've done it. You go into a little boat, and I knew that... Everyone knew that they would pump in that chocolate smell as you went into it. So it smelled like chocolate as you went through the whole thing. So I assume you're absolutely right, that they just have sewer grates that just pump chocolate smell throughout the area. Not sewer grates. I mean, that's probably a bad way to put it. Vents. Air vents.

Karen McCarthy:

Not sewer grates.

Justin Draeger:

When we were younger and poorer. Well, I had my two small children at the time, just two of the three, our third hadn't been born yet. We would go to that part. We wouldn't even tell our kids there was the whole park, and we would just ride that one ride where you would just... It's for free and at the end you'd get a Hershey's Kiss. We would just ride that five or six times.

Jonathan Fansmith:

And it ends by dumping you in the giant store that's full of candy in every quantity-

Justin Draeger:

That's right. And we would take pictures of them with the huge Hershey's bar, but of course we couldn't afford any of that. So we'd get the pictures, they'd get a little Hershey's Kiss, we'd ride that ride with the singing cows and we'd be like, "And that's Hershey's World." And then-

Karen McCarthy:

Wait, wait, one Hershey Kiss?

Justin Draeger:

Yeah, at the end of the ride.

Jonathan Fansmith:

It's the freebie. It's like, thanks for riding the free ride.

Justin Draeger:

And then as they got older, they'd be like, "What about those roller coasters?" And I'd be like, "Nope, I don't know anything about that."

Jonathan Fansmith:

Some other facility. Don't know why they're in the shape of a Hershey's Kiss. That's just-

Justin Draeger:

Don't know how to get over there, not affiliated. Jon, I have a serious question to ask you. First of all, maybe not so serious, but to all of you, you included Karen, happy opening season day for baseball.

Jonathan Fansmith:

Thank you. Thank you.

Justin Draeger:

How do you feel about the new rules, Jon, in baseball? How are you feeling about them? Karen, are you up to speed?

Karen McCarthy:

Oh, yeah. I would love to talk. Yeah, I would love to talk about it.

Justin Draeger:

Oh, well, how do you feel about it, Karen? Tell me.

Karen McCarthy:

No, no. I just want to hear thoughts about the pitch clock.

Justin Draeger:

Yeah, I mean, that's the biggest one. You can talk about the infield shifting rules that are no longer allowed on how the-

Karen McCarthy:

The bigger bases.

Justin Draeger:

The bases are 18 square inches and not 15. But what about the pitch clock? Jon, are you a purist or what's your take there?

Jonathan Fansmith:

No, so I'm weirdly like a purist and not a purist. I hate the idea that you now have designated hitter in the National League, right? I still hate that role. I like the idea that pitchers have to hit, and some of the happiest Philadelphia Phillies moments I've had in my life was when a pitcher unexpectedly did something great at the plate, right? Cliff Lee hitting a home run in a playoff game is an incredible moment, so I'm so annoyed about that. But the pitch count, the clock. Why not? It's speed up the game a little bit and make it more friendly to viewers. I'm all on board for that. So I'm not consistently traditionalist or innovative.

Justin Draeger:

So it doesn't have to be the same game year after year. You're selective in what you'll allow.

Jonathan Fansmith:

Exactly. I also don't really understand what's the advantage of bigger bases? I saw that. What does that do?

Justin Draeger:

Well, I think they're selling it under the guise of, it'll cause less collisions, but I think what it's really about is the same reason they're allowing designated hitters, which is it encourages more bases being stolen-

Karen McCarthy:

Stolen bases.

Justin Draeger:

And you run up the scores because it takes a special kind of fan to appreciate a game that's zero-zero in the ninth inning. I mean, the tension-

Karen McCarthy:

If it's a no hitter, that's very entertaining.

Justin Draeger:

Well, the tension builds, right? Okay. It takes a special kind of fan to appreciate a one-zero game. How about that?

Karen McCarthy:

Yeah. Yeah. Okay.

Justin Draeger:

There's like one-zero, it's like, ugh I don't know.

Jonathan Fansmith:

Or even like thre- one, right?

Justin Draeger:

Right.

Jonathan Fansmith:

There's some scoring, but yeah.

Justin Draeger:

Yeah. I'm all for it, all right? I feel this way about football too. I was just looking at the average game times this morning just because I was curious at opening day, and I wanted to see what the average time of the MLB games are now through spring training. So now they're running about two and a half... Two hours 36 minutes, I guess, which is fantastic.

Karen McCarthy:

It's working.

Jonathan Fansmith:

That's great.

Justin Draeger:

Yes, because they were going over three and a quarter almost last year, which... Look, I'm sorry, when you're talking 2000 games a season, who's got that-

Jonathan Fansmith:

Oh, yeah.

Justin Draeger:

And if you go to Nats Park even, which I don't know, do you get out there very much anymore, Jon?

Jonathan Fansmith:

Yeah, we go. Our girls actually love going to this. They won't sit and watch a baseball game, but they will love to go to the park. So we go, well, 10 or 12, 15 times a year.

Justin Draeger:

My kids love to go to the park too for about two hours and then by... So we either go show up in the-

Karen McCarthy:

And your kids are older than Jon's.

Justin Draeger:

Right. So you either show up in the third inning or you leave... Or your kids are like by the seventh inning. They're like, "I'm done." So I'm all for this.

Jonathan Fansmith:

To be fair to your point, I think part of the reason my kids also love going is there's like, "Oh, let's go get the Dippin' Dots."

Karen McCarthy:

The food.

Jonathan Fansmith:

There's a playground, let's do that.

Justin Draeger:

Everything other than the game.

Jonathan Fansmith:

Right. The game holds some appeal, but really the ancillary activities are really top of their list for going.

Justin Draeger:

Alright, well, I'm all for it as well.

Karen McCarthy:

I have really loved watching in the pre-season as everybody gets used to the pitch clock and people getting calls against them, either the pitcher or the hitter and all this, "What, you did what?" I have found that very funny to follow along with.

Justin Draeger:

Yeah, boohoo.

Karen McCarthy:

They're still working out the kinks.

Justin Draeger:

Get on the mound and pitch the ball. Geez.

Karen McCarthy:

It's very entertaining though, working out the kinks.

Justin Draeger:

They'll adapt. I'm confident that... They've had this in the minors too for a while. So get on the mound, pitch the ball, let's get this game going. They've also had it in tennis for a while, and the NBA and every other sport even... They've got a lot of people coordinating. They get it moving.

Well, let's dig into... Let's bridge this over to some of the things we're going to talk about today. I don't know if we'll have time to get into everything, but there are two big topics I do want to get into. One has to do with, since the last time we spoke, President Biden released his budget for Fiscal Year 2024, and then I think we have a lot to talk about with breaking news on the FAFSA. So let me start with the former, Jon, why don't you catch us up? Everything that's going on with President Biden's budget proposal for the next fiscal year, which I think is the 24-25.

Jonathan Fansmith:

It'd be fiscal year 24. So 24-25 academic year.

Justin Draeger:

Yeah. So what do we got?

Jonathan Fansmith:

So the President put out this budget. I mean, it's always important to remind people that fundamentally the President's budget is mostly meaningless every year.

Justin Draeger:

Well, that's a good segue to keep people tuned in.

Karen McCarthy:

There's a budget.

Justin Draeger:

That's why the FAFSA's next.

Jonathan Fansmith:

Yeah, keep people listening once they get passed by, whatever.

Justin Draeger:

We need to work on your sales pitch. Go ahead.

Jonathan Fansmith:

Thanks. But it is. Right? I mean, the point is the President says, these are the things I want to do. These are the things I care about. These are where my priorities are. These are the things I want to get rid of. And he sends it to Congress and everybody goes, huh, great. I mean, it really does two things. It sets the table a little bit, particularly in terms of how much the overall spending levels will be, because he's identified on defense and on everything else where he wants to spend. And then maybe more importantly in our world, it is a statement of priorities. And so while it's unlikely when the President says, I want a say \$620 million increase for FSA, that Congress will meet and say, great, okay, we'll

budget for that. What it does say is, okay, this is a priority. They want a big increase there, and that's something that's important to them.

They may not be responsive to it, but it also says where the administration may fight on things. It's one of the things when you look at this budget, there's things like an \$820 increase in Pell Grants. \$500 of that is discretionary. You don't need to go into all the federal budgeting things, but for a lot of reasons that seems achievable for them to do. The \$320 is from a pot called mandatory that would require Congress to do something essentially extraordinary to get that put in place. It's far less likely they'll get that. They did this last year, they asked for \$500 in discretionary and then \$1,250 I believe on the mandatory side, and they got the \$500 in discretionary, and they got zero with the mandatory side. That's probably what you're going to see again here.

Justin Draeger:

So the mandatory side, like what? They have to open up the HEA and actually make a change there. So that's like authorizing committee versus appropriations?

Jonathan Fansmith:

Yeah, they need to do legislation that essentially says, we've identified funding that we're going to allocate to this purpose. And that rarely happens. It's happened. Pell has a big pool of mandatory funding, but that's happened through sort of big signature pieces of legislation over the last 15 years. More importantly, I think in terms of this priorities, work study, SEOG, the president flat funded those, and one, in an inflationary economy, flat funding is a cut, you are buying less with the same amount of money, due to the inflationary climate we're in. Two, and maybe more importantly, if you are particularly house Republicans who want to make big funding cuts, and you are looking across the budget and you're saying, well, where can we target those cuts? And President just said, these are two programs that we do not prioritize in terms of an increase.

So you would automatically look at those and say, there's, there's no fight there. This is not something they want to do. They have other things they want increases for. They have other things they've said are new policy positions. Even Democrats who want to support funding in those areas have a harder time now because the president's essentially said, no, we're fine with what it is. We don't really need any increases. So it puts in a lot of ways, a target on the backs of those programs where they're not pushing for an increase, and I think that's a concern.

Justin Draeger:

You mentioned some of the policy priorities. Any that you can pick out of here that the president, sort of tangential to funding some of the student aid programs?

Jonathan Fansmith:

Yeah, I mean, the FSA increase I think is actually pretty important and not a shock given everything, loan repayment, forgiveness, all of the... If we're going to talk about FAFSA implementation. The challenges with FAFSA implementation, a lot of that is resource driven. So it's not a shock that they would do that, but it's a big request and it reflects a lot of the problems, frankly, FSA and the Department of Education are hearing about from the public around their capability to make the changes they want to make. Other things, expanding title four eligibility to DACA recipients, that's something they've done every year.

Probably the thing that's most interesting is what they did on Free Community college. The administration has talked about free community college every year. It's not new that they're talking about again. The president teased this a little bit in the State of the Union address. The two things he talked about in higher ed were Pell Grants and community colleges, but they didn't ask for what they asked for in Build Back Better a few years ago when they sort of launched their legislative proposal, they asked for a \$500 million increase for free community college for students enrolled in programs, I'm trying to remember the exact terminology, but programs that lead to a four-year degree or good paying jobs. I think with the definition, now, obviously they don't have to define what a good paying job is or what a quality program is or anything like that.

Justin Draeger:

It's the opposite of a low value program. I mean, they're defining all of this-

Jonathan Fansmith:

And bad paying jobs, obviously. The alternative to those, and they don't have to, right? It's a budget request. They don't have to put any more specifics out than they want to. But it's sort of like an intermediate step towards free community college. \$500 million is a lot of money by anybody's standards. A big investment. But it falls far short of the tens of billions of dollars involved in making all community college free. So kind of a change in approach. More importantly maybe, they've reemphasized, it remains a priority for them. A lot of people thought after Build Back Better went down, they stopped really talking about free community college for a while. Was that something that they tried and we're going to just step away from? They're sticking with it. They're trying a different approach, more moderate approach, but they're sticking with it.

Justin Draeger:

What are the next steps? So where do we go from here?

Jonathan Fansmith:

Oh, that's such a good question. I mean, so the next steps as the Constitution and Congressional laws require would be the House and the Senate Appropriations Committee's markup bills, each of the 12 appropriations bills, they pass them through the committee, they pass them through the floor. The two chambers reconcile and they pass the Unified Appropriations bill. None of that ever happens anymore. The Senate, at least on most of the bills, we care about like labor or HHS education that funds Department of Education programs. Senate hasn't even introduced their bills formally in the last few years. They've just released what they'd like to see. The House always passes it, because majority can just move things through in the house without restraint. Ultimately, they'll do what they've done... I don't know. Karen, maybe you know, it's seven the last 70 years in Omnibus Bill. I'm trying to remember if they ever didn't... There was one, I think where they did too, mini buses together, maybe in that period of time. But anyway-

Karen McCarthy:

It's been a long time.

Jonathan Fansmith:

It's been a long time. They'll just roll all 12 bills together, jammed them together, do it after several extensions, probably this year into the new year, given the political dynamics, and ultimately they'll do something. The one thing that's kind of interesting this year is with Republicans being so aggressive on the idea... House Republicans in particular, being so aggressive on the idea of cutting funding, you do open the possibility of a year-long CR people have talked about this CR's a continuing resolution. It's essentially when Congress says we can't figure it out, so we're just going to keep funding at the current levels. It's a pass through.

There is a bigger chance of that because Republican's, certainly on the Senate side, but most of them have learned the lesson that shutdowns tend to hurt the party that's seen as forcing them. And this is such an electorally sensitive year. The presidency will be up controlled, both chambers, is razor-thin. You might not want to go so far as to force a shutdown, but you also are probably not going to want to go back to your voters and say, we got rolled on funding. So we put increases across the board. So if we may wind up with a CR simply because they can't come to a better solution.

Justin Draeger:

If we have a CR in an environment where everything is so fiscally sensitive, particularly on the Republican side, I mean, would we take sort of level funding as almost a win at this point? I just worry about years where we were driving towards deficit reduction and even when it appeared that the... Like, oh, we're not going to reduce the maximum Pell Grant that we made formulaic changes that reduce the number of people that got Pell in a really opaque way. So I don't know. I'm certainly fighting for the Pell increases. We're certainly fighting for increases and level funding where it makes sense, but I just worry about sort of opaque cuts that could happen.

Jonathan Fansmith:

No, I think you're right to worry about that. The nightmare scenario in this situation is sequestration again, where especially with... And we could talk about the debt ceiling for a long time too if we wanted to, but the debt ceiling has to be raised this year. That's going to involve some transaction of trillions of dollars. Republicans in the house have said that they want that to be offset by spending cuts. If you think about those dynamics, the idea of a 10-year plan where spending is capped or reduced over time, those are the kind of things that then force changes. A lot of that's mandatory. It wouldn't necessarily be directly to discretionary, but when you cap overall spending, that has immediate effects as down the road effects.

And that's probably the worst thing because most programs, frankly in the financial aid space, we think are already underfunded. They're below where they have been in the past. So putting further caps, downward pressure, especially if it's going to be binding for a decade, which is what the last sequestration process was, or binding in error quotes, they found ways around it. But that's probably the worst outcome we could see. There's enough will to get that done on the Democratic side that they would agree to that because the downside of being obstructionist here for them is a lot smaller than the downside of being obstructionist is for Republicans.

Justin Draeger:

It will probably be in some game of chicken at some point in this next year with all of our economic and fiscal lives in the balance.

Jonathan Fansmith:

Global economic lives too, when you-

Justin Draeger:

Yeah, global.

Jonathan Fansmith:

So right. It's good stuff.

Justin Draeger:

It's perfect. All right, thanks very much Jon. We'll continue to watch all of that and partner with you and your colleagues over at ACE as we fight for our programs and our students. Karen, let's turn our attention from probably several moments to the FAFSA. It seems like since the last time we spoke, a lot of information has come out about the FAFSA. I don't know. In some ways this has probably alleviated some angst amongst our members and probably increased some angst amongst our members about everything that's going on with the FAFSA. The first thing I want to talk about is the timing. So we do have some additional answers from the department about the timing of the new FAFSA. Why don't you catch us up on the timing and then I want to hit some of the other information pieces that have come out.

Karen McCarthy:

So at NASFAA's leadership conference in February, the department verbally declared that the 24-25 FAFSA would be released sometime in the final quarter of this year. So the quarter goes from October 1 to December 31st. So they were acknowledging at that point that it would not be released on October 1st as we have become accustomed to over the last several years. But still, that's a pretty big window of time and what they released... So since that time, we have really been pushing them as to when are you going to tell us what the exact date is. "Thank you for acknowledging, it will not be October 1st. When will we know what the date is going to be?" And what came out at the end of last week in written guidance from the department is that it will be released in December. So we are slowly narrowing down the timeframe of the FAFSA release.

We went from quarter four of this year down to the month of December. So we still don't know if that's December 1, December 15, December 30, exactly when it is. But we do know it's December. So definitely a delay. So when you mentioned that it has alleviated some angst and caused some other angst, I would definitely agree with that because I feel like now people know there's going to be a delay. We actually need to be talking within our institution, get those wheels grinding in motion, the discussions of how that will impact us, how we need to change things. But on the other hand, some of the folks who are still maybe holding out a little hope that there wouldn't be a delay and now they know. It's in writing, there is going to be a delay. It is December.

Justin Draeger:

No hope.

Karen McCarthy:

Yes. And then there's also the angst of, okay, now you're kind of leading us on, you told us December, but we don't know the exact day. Now we need the exact day. So I feel like it has helped some of the angst and then created some other angst.

Justin Draeger:

And then they filled in some of the blanks between here in December. Right? This was something else we had been asking for in a coalition letter with several groups, including our colleagues over at NCAN who pulled this coalition together, fill us in on what's happening between now and when the FAFSA is released in December.

Karen McCarthy:

So we had been asking really for several years now of the department that they released some type of timeline implementation plan of when people can expect certain needed items to roll out. And so I feel like this roadmap that they just released last week is the first time that we have seen that in writing. It does have seasons attached to a lot of the items. So again, not super date specific, but they did say in the spring there will be a toolkit released for institutions and guidance on some of the implementation, like the policy decisions and how things will actually work will come out in the spring.

Over the summer, there will be some training opportunities available, specifically for financial aid administrators when the next draft of the ICER will be coming out in April. So there were a few specific dates there. I do have April in my mind for the next iteration of the ICER. So they've kind of rolled out, not with a lot of specific dates, what will be happening when. Most of the communications to families will start over the summer and they are revising videos and helpful tips and things like that, that are more student and family facing. And those will be rolling out over the summer timeframe.

Justin Draeger:

Some of the trainings that they'll be doing over the summer. They've also said for the financial aid administrators, they'll also be doing some live Q&A. Right? So it won't just be like one-sided pushed communications to financial aid administrators.

Karen McCarthy:

Yeah, they did say there will be 10 virtual trainings. So I don't know if that means it will be the same training offered 10 times or different topics on different days. But they did commit to 10 virtual trainings and then I think this was largely in response to requests for them to do more live Q&A and ability for people to ask their questions and get a response right then. They did commit to two sessions that will be dedicated to live Q&A.

Justin Draeger:

Okay. And we are obviously expecting the Department of Education and FSA at the NASFAA conference that we'll be having in San Diego this summer. We'll be obviously talking a lot about the new FAFSA as well, just so folks know. And I'm not trying to create artificial pressure. We have space for everybody, but our registrations are trending ahead of the last four NASFAA conferences that we have, including the three prior to the pandemic. So registrations are looking good. I think a lot of people are coming because they want to reconnect and are feeling a certain sort of way about all the changes that are coming down the pike. Let me shift away for timing for a second, Karen, because there were two provisions, maybe more, but two in my mind that have been getting a lot of circulation in the NASFAA membership. One topic is about the fact that the housing question is going away on the FAFSA. Can you talk to us a little bit about this housing question? Why is it going away? Is it coming back? How are schools supposed to get it if it's not on the FAFSA?

Karen McCarthy:

Yeah, the housing question was at the very end of the FAFSA for each of the institutions that the students selected to receive their FAFSA information, they indicated what their housing plans were. So on campus, off campus, off campus with their parents. And that information is obviously not part of the federal methodology at all, but it would flow through to institutions on the ICER. And some institutions, not all, but many institutions would use that information provided in that field when they are constructing their cost of attendance and what the housing allowance would be. So institutions that have different housing allowances based on where you're living, need to know what your plans are for living. And some of those schools would pull that from the FAFSA. And what we have recently learned is that the Department of Ed doesn't feel that the FAFSA simplification statutory language allows them to continue to ask that question.

So I think we've talked about this on the podcast before, that for the first time, the statute very clearly lays out these are the questions on the FAFSA, this is what you can ask. And there's also a provision that the Department of Ed is forbidden from requiring any additional information to be provided by the applicant. And since the housing question is not included in that list and there's that extra provision, the Department of Ed's attorneys have concluded that they do not have the statutory authority to continue to ask that question. So there's kind of that side of it. Whether they can or cannot ask the question on the-

Justin Draeger:

Well, the department is saying we would if we could or we'd be open to it if we could. But the legal interpretation is, we can't. That's what they're saying.

Karen McCarthy:

That is what they're saying. Yes.

Justin Draeger:

But that's their legal interpretation.

Karen McCarthy:

Yes. And as I have said, when I do this presentation, not all lawyers agree. So it is a legal interpretation from general counsel. Yes.

Justin Draeger:

Well, here's a question, a legal question, since none of us are lawyers, but I'll ask you, what if it's not on the FAFSA? Can't you ask the question as a pre-question to the FAFSA? Or am I splitting hairs?

Karen McCarthy:

Yeah, I don't know. Okay. We haven't really considered that possibility.

Justin Draeger:

All right, go ahead. So how are schools supposed to get it, if it's not on the FAFSA, and this is important because one half of the financial aid equation is cost of attendance. You can't give a student their financial aid package without also knowing what their cost of attendance is going to be.

Karen McCarthy:

And the other kind of ironic thing about cost of attendance is that there are all these other provisions about cost of attendance in this same FAFSA simplification act that are aimed at making cost of attendance I would say more granular, more accurate, more reliable for families. So getting in the whole sphere of cost transparency and all of that. And by the housing question not being there at some institutions, they're now guessing without absent any other information where somebody might be living. So kind of their housing allowance is going in the other direction away from cost transparency and accuracy for the student.

Justin Draeger:

No, I guess we should clarify before we sling rocks at the department. It's not that they... I haven't sensed that they...

Karen McCarthy:

I'm not slinging. Did you think I was going to start slinging?

Justin Draeger:

Well, Jon, why don't we let Jon judge. Jon is Karen slinging rocks?

Jonathan Fansmith:

Little lightly tossing maybe.

Justin Draeger:

Okay.

Karen McCarthy:

No.

Justin Draeger:

I know Karen. I said we. Before we as a community I meant, not we, you and I before. Before anyone, we're not sensing that the department is obstinate on this issue. They have an interpretation from their attorneys and so we've sent them a letter saying, let's reconsider this or find some compromise.

Karen McCarthy:

Yes. And I am very sympathetic to the fact that they have OGC telling them, "Nope, can't do it. No, can't do. I'm the lawyer. I know what I'm saying. Then you have to deal with it." So yeah, I'm definitely sympathetic to... They're kind of the middle man or colleagues.

Justin Draeger:

As we all know, we can't turn decision making, though, over to the attorneys. "They advised." Okay. Again, seeing as how there are no attorneys on this podcast. Okay. So that's one issue. We have sent a letter to the department. We are hoping that something can be done this year. So we're continuing to work through that. But schools should be thinking about alternatives to this today.

Karen McCarthy:

We have talked to several institutions about this. For some schools it's not a big deal. They weren't using that information on the FAFSA anyway. They get it from elsewhere, other forms, whatever, that are already in existence within their institution. For some schools, they may not parse their categories of their housing allowances. So it doesn't matter to them where someone's living, they're getting the same housing allowance anyway, so they don't need to worry about it. But for the schools that were relying on that, they do need to figure out some other process of, what are we going to do? How are we going to estimate what the housing allowance should be?

Which then kind of brings up one of the basic tenets of FAFSA simplification is that we did not want to pair the FAFSA down so much so that it forces schools or states or any parties to have to add additional forms to collect information that they need. That is kind of anti FAFSA simplification. And some of our schools are kind of in that position. So now we need to now go out to our students and collect this information via some other avenue. And that's not the overall goal of FAFSA simplification.

Justin Draeger:

Right. Okay. The other big issue that I've heard talked a lot about, and I don't know how big a scope this issue is, Karen, so maybe you can help us scope it, is when FSA was at our leadership conference, they talked about how as part of the agreement with the IRS, there has to exist... If you are giving the IRS permission to send your information directly over to the Department of Education, which will result in this backend complexity that should result in simplification for the applicant. There also has to be this ability for the taxpayer to revoke consent.

Karen McCarthy:

Yes.

Justin Draeger:

So this obviously has created some consternation because if they've revoked consent and that is no longer available, that then creates a lot of complexities on campus. How big of a deal is this?

Karen McCarthy:

Yeah, I don't know. I will say... Yeah, I will say-

Jonathan Fansmith:

I like the honest answer.

Karen McCarthy:

Yeah.

Justin Draeger:

Yeah. That's all right.

Karen McCarthy:

Yes.

Justin Draeger:

Well, I guess I'm wondering because if this happens a lot, this is a big deal.

Karen McCarthy:

Yes.

Justin Draeger:

Is that fair to say?

Karen McCarthy:

Yes.

Justin Draeger:

Because if it happens a lot, all of a sudden now you had a bunch of information and now that information is no longer available for a lot of your applicants.

Karen McCarthy:

Or you have it and you can't use it for any... Because you got it. You had consent when you initially got it and now you have it, and now you're supposed to stop using it in some way.

Justin Draeger:

So it's not just for renewals, but the data you currently have is now no longer usable.

Karen McCarthy:

Yes. And so I think one of the challenges with this is that there's a paper form for somebody to revoke the consent and then there's the way the vast majority of applicants will do it, which is online.

Justin Draeger:

And how are schools supposed to be notified that-

Karen McCarthy:

Well, that is what we have yet to know for sure because with the paper form, that has to go through all of their public comment process. And so the paper form came out for public comment before the department has finalized all the processing and guidance for institutions about how this is going to work.

Justin Draeger:

Well, when you say the paper form, you mean the paper FAFSA?

Karen McCarthy:

No, I mean the paper form for somebody to revoke their consent, so they have to comply with their deadlines. So they push that out for public comment. People saw that and then started freaking out about, oh my gosh, how is this going to work and what do I have to do? And none of those questions would ever be answered by the paper form. That's the form that the applicant sees. But I think just

because of the timing, it has really prompted everyone to start thinking about the process and how will this all work, which the department is working on. But we haven't seen that guidance yet.

Justin Draeger:

Well, when the department puts out a paper form, they also put out a... Don't they always have to because of the paperwork reduction Act put out an estimate of how many people are going to do it?

Karen McCarthy:

They do. They do. And I do have some info on that.

Justin Draeger:

And so how many people does the department believe is going to revoke their consent? Is it a lot? Let's keep in mind 19 million people fill out a FAFSA.

Karen McCarthy:

Okay. Okay. But there is one big caveat in that the same form is used to revoke consent for the FAFSA and on the IDR side when you have-

Justin Draeger:

Okay, so this is all lump lumped together. So we got 40 million borrowers and 19 million FAFSA filers. Some overlap. I can't do that math today, but go ahead. How many?

Karen McCarthy:

Their burden estimate was at 4 million applicants.

Justin Draeger:

4 million a year?

Karen McCarthy:

Yes. Yeah. So that is combined IDR and FAFSA filers, they have confirmed verbally that they expect that most of those will be on the IDR side.

Justin Draeger:

Most like 90%?

Karen McCarthy:

I don't know. I have-

Justin Draeger:

They didn't give you that?

Karen McCarthy:

No, I have asked. I have asked. Just recently, I don't think they're dragging their feet. I just within the last couple years asked if they could parse that out for us, how they came up with the estimate. Because 4 million is really quite a lot and people have seen that 4 million. And in the absence of other guidance yet about how it's all going to work. People have a lot of angst about 4 million people.

Justin Draeger:

How many times have you two gone and given consent to anybody out there? The IRS, to a company you allowed to put cookies on your computer, to somebody you is now sending you spam and you go back and revoke your consent. Do you guys ever go back and revoke consent to anything?

Karen McCarthy:

Only if they're bothering me in some way.

Justin Draeger:

Really? Because I have to be really bothered. I don't even... I'm just like... I mean-

Jonathan Fansmith:

Yeah. I know I've done it, but I can't say-

Justin Draeger:

Really?

Jonathan Fansmith:

Compared to the number of times in a day I give consent, the number of times I revoke consent-

Justin Draeger:

If I'm trying to get to a website or do something, I'm like, yeah, whatever. Okay. I'm sure you'll call 60 times a day, whatever.

Karen McCarthy:

Yeah.

Justin Draeger:

All right. I know I'm not trying to downplay this because this will be a pain. Yes. But one, the number of paper FAFSA filers is small. Yes?

Karen McCarthy:

Yes.

Justin Draeger:

The number of people-

Karen McCarthy:

It's not about the paper FAFSA file.

Justin Draeger:

No, I know. But I guess what I'm saying is... I'm using that as a bridge of how many people use a paper form to evoke consent.

Karen McCarthy:

I mean, there will still be an online option.

Justin Draeger:

Well, but I thought that process would be different than the paper option.

Karen McCarthy:

It will be different because it will be online, not on a paper form, but it will be available. Yeah. It will not be... Our understanding is that they have to allow everybody to revoke their consent, but there are no requirements as to how easy they make that. So it's not going to be, log into your FAFSA, "Hey, want to revoke your consent?" That is not in the works.

Justin Draeger:

You're saying-

Jonathan Fansmith:

They have to give you the option. They don't have to make it easy on you.

Justin Draeger:

So they're going to bury it in 16 layers of paragraph or clicks.

Karen McCarthy:

Yeah. I don't know exactly where it's going to be online. My understanding is that somebody will need to log into their profile, and adjust their FAFSA settings.

Justin Draeger:

So we'll stay, keep our fingers on the pulse of the reversing consent, revoking consent thing.

Karen McCarthy:

Yes.

Justin Draeger:

One other thing, the draft FAFSA was released in the last week or two and it was a lot of pages.

Karen McCarthy:

Yes.

Justin Draeger:

And I think that got a lot of people saying basically this is FAFSA simplification, and then everybody sort of snowballing off that. So I think we have a couple caveats to that. One being, this is the paper form.

Karen McCarthy:

Right.

Justin Draeger:

First of all, right? Sticking with the... They have to stick to a schedule. This is the paper form. This is not the online form where all the simplification is supposed to happen. That's fair.

Karen McCarthy:

Yes. Yes.

Justin Draeger:

Two. Most... And when I say most, I mean like 99 point... What was it? The last time I saw this might have been pre-pandemic, but 99.8 or 9% of FAFSA filers are doing it online, not doing it on paper.

Karen McCarthy:

Right.

Justin Draeger:

Number three, as we get into this, the transition year is going to be tough. Transitions like this when we're changing not just the form, but all the underlying federal methodology is always... It's going to be tough. Transitions of this size and magnitude are tough because there's so many different players involved. There's the school, there's scholarship providers, there's states, there's the federal government. So it's going to be a lot. Hopefully as we get down the road, this will be smoother. I mean it will be, could be because people will adjust. Four, when we talk about simplification, I do sometimes worry that we lose forest for trees. The simplification was primarily about simplification for students and applicants. When you look at the Pell Grant, which is now tied to household size and income, it will be much easier for families to know right out of the gate what they're going to qualify for. In the federal Pell Grant program, which is sort of the cornerstone of our federal student aid programs, that alone is a much simpler federal methodology.

Secondarily though, the idea of this whole IRS Federal Student aid data link should result in better data, more already verified data that would make things easier for schools. It's not a concern, but it's sort of order of operations. The concept by lawmakers was how do we make this easier for students and families to have more predictability, make this easier, qualify more people in the aggregate for the federal Pell Grant, like expand Pell eligibility. And then all of these other secondary benefits would hopefully be easier for states, easier for schools. So it's tough. Venting is a hundred percent allowed. We should all sort of link arms together, which we will hopefully do physically in NASFAA this summer, but it's going to be a tough transition year. But ultimately, we're all hoping it's going to be an easier process for our students. All right, Jon, Karen, thanks very much. Thanks for joining us. Good to see you all.

Jonathan Fansmith:

Good to see you.

Karen McCarthy:

Bye.

Justin Draeger:

All right, let's bring our producer and editor in this week. Hugh, good to see you. Welcome back from vacation. Hugh, we're able to cover two topics in depth this week, but a lot more going on in the news. Why don't you catch us up? What else is going on?

Hugh Ferguson:

So we have a lot of congressional coverage this week. In the Senate, Senator Elizabeth Warren sent a letter to the Department of Education regarding efforts the department should take to ensure that borrowers are protected from predatory behavior. Her recommendations focused on bolstering oversight over for-profit schools and ensuring predatory schools do not have access to federal financial aid programs. We have a coverage in an article and a link to the letter in the show notes.

Justin Draeger:

All right. We will continue to watch everything going on in Congress as it relates to accountability. What else is going on?

Hugh Ferguson:

So on the house side, the House Higher Education and Workforce Development Subcommittee held a hearing on President Joe Biden's student loan cancellation plan, and it focused on the cost of the program and the impact it will have on taxpayers along with solutions for the student loan portfolio. And we have a full debrief of that hearing that was very extensive, and I'm sure we will be seeing more discussions on this topic.

Justin Draeger:

Lots of hearings already on the house side spanning K-12 through higher education. And so they are sort of off to the races already and a fascinating hearing. People can check that out online and in our show notes. What else is going on?

Hugh Ferguson:

And then just lastly, we have a bill release in the Senate that we're following. Senator Mike Braun of Indiana reintroduced legislation that would amend a section of the Higher Education Act and eliminate origination fees on federal direct student loans, which he says adds "unnecessary debt to student borrowers and worsens our national debt posture." Yeah, we have a summary of the bill coverage from our previous recap article when the bill was first introduced, last Congress, and members can check out those details in the show notes.

Justin Draeger:

We've been a long supporter of eliminating origination fees. People are really confused. Obviously students and parents usually are confused by origination fees because they take out a loan for one amount and then another amount is applied to their loan balance. This is a relic of a bank-based

lending fee, a bank-based lending system. Phelps has been gone for 13 years, and we still have sort of these vestiges of bank based lending. And also, Hugh, it's sort of noteworthy, I think, this bill is being spearheaded in the House and the Senate by two Republicans who are sort of known as fiscal conservatives, but they just see sort of this origination fee as sort of a nonsense issue as a tax on students and parents.

And find me another bill where you have such a wide range of political ideologies. You have Senator Braun, Senator Holly, Senator Warren, Senator Sinema, van Holland, Coons, all signing on to this bill. Hopefully we'll have lots more. So a lot of bipartisan support lining up on this effort. So thank you everybody for listening to this week's "Off the Cuff." Remember to subscribe, tell a friend, leave us a comment. And if you want to check out our "Off the Cuff" community, you can check that out in the show notes. Join that community, and we will talk to you again very soon.