

NASFAA's Off the Cuff - Episode 159 Transcript

Speaker 1:

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Justin Draeger:

Hey everybody. Welcome to another edition of Off The Cuff on Justin Draeger.

Allie Arcese:

I'm Allie Arcese with our communications team.

Megan Coval:

I'm Megan Coval with our policy team.

Justin Draeger:

Welcome everybody. Megan and Allie, thank you for covering the podcast in my absence. I assume I was a force that was missed last week.

Megan Coval:

So much.

Allie Arcese:

You were, you were.

Justin Draeger:

So much.

Allie Arcese:

How was time away?

Justin Draeger:

You know what? I don't even want to talk about it because I feel like I'm just an ingrate. But when you come back from vacation, I feel whipped. I feel just as whipped, maybe more. I need a couple days to recover from the vacation. Scheduling work the day after you get back from vacation is always a terrible, terrible-

Allie Arcese:

Yeah. I think it's more of an emotional thing.

Justin Draeger:

You think that's it?

Allie Arcese:

Yeah. I need to mentally and emotionally-

Justin Draeger:

You might be projecting.

Allie Arcese:

... accept the fact that I'm no longer on vacation.

Justin Draeger:

Are you doing vacation this summer? With the COVID thing, I think it's kind of hard, but are you doing a vacation?

Allie Arcese:

We're going to do something at the end of September for our anniversary.

Justin Draeger:

Oh, okay.

Allie Arcese:

Don't know what yet.

Megan Coval:

Oh, that's nice.

Justin Draeger:

Megan, I know you're headed out soon.

Megan Coval:

Somewhere.

Justin Draeger:

August reset. Oh, no, you're going to wait 'til labor day, right?

Megan Coval:

Yeah. We have a week that we're taking off. We do not have a location-

Justin Draeger:

Yeah. It's hard to book a place because everybody, I think, in this area is doing local beach trips. So we did one to North Carolina, and now coming back to DC, the DC mayor said that if you... North Carolina's on the hot list. So I'm not allowed to be in DC now for 14 days.

Megan Coval:

Oh, yeah. You're on the quarantine.

Justin Draeger:

Think about that. Just think about where you want to go. You might want to check with DC.

Megan Coval:

That's true. That is true.

Justin Draeger:

All right. Today, I think before we get into everything today and do the agenda, and member comments, I want to start off, happening this morning is the funeral for representative, late representative John Lewis. One of the things that I just think is a great move by representative Lewis was he wrote an essay that he submitted to the New York Times knowing that his death was imminent, that he didn't want published by the New York Times editorial team until his funeral, the day of his funeral, today. And if you need any additional proof that this is just a legend, this funeral attracted three... besides lying in state at the capital for the last few days, he also attracted three living presidents to come and participate in the funeral. George W. Bush, which is, I should add, the last president since we had a successful reauthorization of the Voting Rights Act, and then Bill Clinton, and Barack Obama.

Justin Draeger:

And he talks about in this essay in the New York Times that the day before he went into the hospital, which he knew he was quite ill, he insisted on visiting Black Lives Matter Plaza, right in front of the White House. He said just, he had to see it, quote, "And feel it for myself that after many years of silent witness, the truth is still marching on." I think we've talked a lot about this quote that Barack Obama brought back up from Martin Luther King Jr, "The arc of the moral universe is long it bends towards justice." And I feel like maybe there's no greater evidence of this than representative Lewis. I'm thinking about this last weekend where his casket was carried across the Edmond Winston Pettus Bridge, which is the same bridge where he was almost beaten to death.

Justin Draeger:

There's this steam growing to rename that bridge from a former Confederate and Ku Klux Klansman to something that's a little more emblematic of where we are today. And I guess all of that is to say that Mr. Lewis reminds us that the arc doesn't bend on its own. He says in the essay, quote, "When you see something that's not right, you must say something, you must do something. Democracy is not a state, it's an act." And he goes on to say, "Ordinary people with extraordinary vision can redeem the soul of America by getting in what I call good trouble, necessary trouble." And that's something I quoted in my weekend update two weeks ago, this idea of like, it's okay to be a rabble rouser when you're doing it for the right reasons. One other thing I thought was apropos today, which, you can't make this stuff up, how all this fits together.

Justin Draeger:

Mr. Lewis said in the essay, quote, "The vote is the most powerful nonviolent change agent you have in democratic society. You must use it because it is not guaranteed. You can lose it." End quote. And how apropos given that president Trump today tweeted a suggestion about delaying the election until people

can, quote, "Properly, securely, and safely vote." And I know that's a distraction given that the latest economic news came out today, and it's the worst news we've seen in a long time, a GDP drop rate of roughly 33%, the worst US contraction in modern economic history. And I don't know, I feel on my best days I would normally dismiss the president's tweet and continue to believe in the strength of the republic. But I don't know, today's not necessarily one of those days.

Justin Draeger:

I feel like we take a lot of this for granted. And so people dismiss it like, "Oh, the executive branch can't just delay a general election." It's in law. It's a law that's been 175 years old, but people have to care. If people don't care then I don't know. We'll talk about this later today. But a court said that the Trump administration had to accept DACA applications and they're not processing new ones. So this idea that administrations will just automatically follow the law, I feel like is, it feels a bit like taking things for granted. Megan, I don't know, I think it's fair to say that in our tenure together we've upset lawmakers on both sides of the aisle, we've upset administration officials, because they would like the financial aid community to just sit down and be quiet, and we refuse to. When we see something that's wrong, or that's harming our students, or distracting our professionals from serving those students then we speak up, and sometimes we get into trouble for that, we get taken to task but it's always worth it.

Megan Coval:

Yeah. We've never regretted it. I'm just thinking back on those handful of times. And I don't think we ever looked back and said, "That was the wrong choice." It goes to show you.

Justin Draeger:

If people have a chance, I would say it'll certainly be recorded and rebroadcast. I always feel like it's cliché, like funerals should be a celebration of life, but it's also this tragedy of separation. But in this case, the parts that I was able to tune in for this morning, it's really inspirational so people should take a look.

Allie Arcese:

Definitely.

Justin Draeger:

Allie, we have lots of things to talk about today. We're going to talk about some new CARES Act reporting requirements. We're going to talk about legislation in the Senate. We'll talk about some updates with DACA, and some breaking news in the last two days on what's going on with accreditation, and some officials at the department of education. But first, member comments. What do we got?

Allie Arcese:

Sure. So this first one is from Joshua North at Highland community college, and he's getting caught up on the episodes, and just listened to episode 157 with Craig Munier. And in the beginning of that, Justin, you talked about nonpartisan viewpoints, and he wanted to say a big thank you for the portion about being nonpartisan. He said he agrees with you completely. He says, "I wish that people didn't automatically assume our political stance based on our profession. I try to vote like Justin described with what I feel is best for our country regardless of political agenda." He said he feels that your description was something that needed to be said every once in a while, especially during an election year. Another piece of feedback was from Brad Williams at College Options, he said, "A few observations from last

week show. Number one, that show was the best podcast ever. Number two, Justin was not part of that podcast. Number three, coincidence?"

Justin Draeger:

Correlation... First of all correlation does not mean causation. Although I do realize me being on the podcast can be burdensome sometimes, not just for Megan and Allie, but for the listeners too. So I apologize in advance. Go ahead.

Megan Coval:

No.

Allie Arcese:

Finally, we got one from Daniel Barkowitz at Valencia College, down in Florida. He said, "Great job this week, even without Justin. Thanks for the informative, and dare I say, fun episode." Last week we asked listeners what you've learned about yourself during quarantine, and he said his professional life quarantine insight is that he spends a lot of time at his office checking in with people, and has lost that ability in this space and time, it changed the way he manages staff, and it means he needs to find new ways to check in. Personal life, Dan said that he's found a time in his life to do more fun things, he's finally watching the complete Game of Thrones, nice, working on a tarot deck design that he's been working on for years, and reading a lot more, doing a complete Stephen King reread in publication date order.

Justin Draeger:

Oh, God. Good luck.

Allie Arcese:

That's a lot.

Megan Coval:

That's a lot.

Justin Draeger:

Yeah, that is a lot.

Megan Coval:

I like it though. The tarot deck is intriguing to me, the art for it.

Justin Draeger:

Yeah. This is where you predict people's future, right?

Allie Arcese:

Yeah, yeah.

Megan Coval:

Yeah.

Justin Draeger:

Okay. Well, Dan, we'll look forward to you finishing those and then you can do a tarot card reading-

Megan Coval:

Predict our future.

Justin Draeger:

... on Megan over Zoom. Okay.

Megan Coval:

Can't wait. Only good stuff.

Justin Draeger:

All right. Let's get into what's happening legislatively. Megan, it seems like it's been nonstop over the last week. You want to catch us up?

Megan Coval:

Sure. Last week on the podcast, we were anticipating the drop of the Senate Republican COVID relief bill. All week last week they kept saying, "It's coming, it's coming." It finally came on Monday evening around 4:30, is when we got our hands on it. So to give you a kind of the quick and dirty of what was in that bill, it's called the Health Economic Assistance Liability Protections and Schools, or HEALS Act. So now we have CARES, HEALS, and HEROES to keep track of here. But we'll start just with the funding piece.

Megan Coval:

So the bill maintained the Education Stabilization Fund, which was what was in the CARES Act, and would put 105 billion new dollars in for education. 70 billion of that would go to K through 12, and 30 billion of that would go to higher education. As a reminder, the community asked for about \$46 billion for this new bill to cover things like increased student aid for student need, to cover revenue shortfalls, and any other expenditures that might come up related to COVID, and then for an additional 70 billion or so just to deal with reopening costs. So in total that would be 120 billion that the community really went on-

Justin Draeger:

All right. So we asked for \$120 billion, and the Senate Republicans put up how much?

Megan Coval:

30.

Justin Draeger:

Okay, so let's... Then how much did the Dems put up in the house in the bill they passed, in what was that, May?

Megan Coval:

It was in May, that HEROES Act. That was 37 billion.

Justin Draeger:

Okay. So let me make sure, we wanted 120, Dems put up 37, Republicans put up, I can't remember it, did you say 30?

Megan Coval:

29. Yeah.

Justin Draeger:

29. Okay.

Megan Coval:

Yeah, 29 technically, yeah.

Justin Draeger:

Okay. So fair to say that there's a pretty big... there's a discrepancy between the Dems and Republicans, but the biggest discrepancy is between both of them and what the higher education community feels they need?

Megan Coval:

Yep, yeah, yeah. So pretty big difference there. There are some good news in parts of the bill. We are, as a community, asking for more funds, and we can talk a little bit about that in a minute. But the money would go through the existing Higher Education Emergency Relief Fund, and you might be thinking like, why I'm saying that's good news because it's been such a headache. But when we look at the House bill, they were going to send all the money to the states. And I think we all thought that that would be far more complicated. So in terms of drawing down the funds and getting it into institutions hands, we think that this is a good thing. One thing that differentiates this pot of funds from the last pot of funds in CARES is that there is not a specific chunk that must go to students. So the school will receive an allocation 90% based on Pell Grant recipients, 10% based on non-Pell Grant recipients. That's a little bit different than the last allocation. So a little bit more heavily weighted toward Pell. And then the school then can decide how to use those funds and how much-

Justin Draeger:

When you say the 10% non-Pell, is that FTE again? It's not just-

Megan Coval:

It is FTE, yeah. That's a great question because there were some kicking around head count. But FTE is what-

Allie Arcese:

Right. Which favors schools that have mostly full time students, but it's only a 10% of the allocation. So 90% is still focused on student need.

Megan Coval:

Yeah, 90. You do have to be a full time Pell Grant recipient so there is that piece there in the 90%.

Allie Arcese:

Okay. So it does impact... So this doesn't necessarily favor a community college where if you're a community college with 60 or 70% of your student population part-time, this doesn't work in your favor.

Megan Coval:

Right. The one thing I will say is that in CARES, it was 75/25. So I guess it's nice to see that bump up in terms of the proportion that they're weighting the Pell Grant. But, yes, it still is full-time enrollment. And other good news here in terms of things we've been hoping for and asking for is much more flexibility related to the usage of the funds, especially with in terms of the students before it had to be related to expenses because of campus disruption. And now it can be for emergency costs or any component of COA. So much broader.

Allie Arcese:

So, Megan, the House bill in May did clarify that this could be used for any students.

Megan Coval:

Yes.

Allie Arcese:

Which was the major point of contention, still is, with the department of education. The Republican bill, do they do the same? Did they clarify who qualifies?

Megan Coval:

They do not.

Allie Arcese:

Okay.

Megan Coval:

They're not. They're silent on it. And it's kind of amazing after all that we went through that there was no definition of student eligibility here. I did hear last week, this is like the higher ed scuttlebutt rumors, last week someone said, "No. There is student eligibility." And they're like as a Thursday, it was like, "Nope, it's in there." And then so much can happen within a few days. And Monday we got the draft and it wasn't in there.

Justin Draeger:

It's been stripped.

Megan Coval:

One thing I heard is that maybe this is their way of just punting to the courts and hoping the courts will take care of it, but give them more than this.

Justin Draeger:

Always good when one branch of government punts to another. Let's-

Megan Coval:

Right, relying on that, yeah, yeah.

Justin Draeger:

Can you talk a little bit about professional judgment and how that lines up with the House bill?

Megan Coval:

Yeah. Good news for us in this bill is that just like the HEROES Act, this bill codifies GEN-09-05, which was the 2009 PJ that would allow eight administrators, though blanket authority, to zero out income or income work if they could get proof of unemployment insurance for independent students. So that's great. We were pushing the Senate to include that. And as you all know, we found out kind of a month or so ago that Ed was saying that that particular piece of guidance was no longer in effect. So this is an example of where it didn't work with the executive branch and we pushed on our other option, the legislative branch. And so I feel pretty good about that, making it a final bill since it's in both drafts right now.

Justin Draeger:

Right. Can you talk a little bit about Senator Alexander's repayment proposal, getting into this bill and where we stand on that issue?

Megan Coval:

Yeah. We talked about this a little bit last week, and at that point in time we weren't sure if this would be in the bill. But the bill did include a provision, a piece from Senator Alexander that would simplify the repayment plans down to two, one standard and one income driven. And the key here is that in the HEALS Act, it was offered as an alternative to the existing borrower relief that we have, in particular the suspension of loan repayment, which now goes through September 30th. So this repayment simplification, as we chatted on a bit last week, big picture we like the idea longer term. But there's a lot more to it when you think about dropping it in this bill and needing to have it all implemented by October 1. It waves a whole neg-reg process. So I think it's kind of fraught.

Allie Arcese:

So it takes stakeholders out of the implementation, like we wouldn't be at the table to try to implement this in any official capacity, at least. So I guess my bigger question or point might be that people would say, "Well, wait a minute, NASFAA has supported Senator Alexander in payment proposals in the past to simplify repayment down to standard and income based repayment. But you're not now. And doesn't that just seem a little hypocritical?" And how would you respond to that?

Megan Coval:

Yeah. I'd say that it's absolutely true that we have supported it, and we will whenever a full reauthorization comes up. But I think two main points here, and first and foremost, we just don't think that this is the right course of action for borrowers in the middle of a national emergency. Right now everyone has relief, this is not the time to be pulling it back. And this proposal would do that. And then

second, we have real concerns, and I think it's fair to say zero confidence that the department could implement this by October 1 successfully in a way that's not messy, in a way that doesn't hurt students. And I don't want to be too hard on Ed here, it just that's a really tight turnaround, when you figure this thing, this bill, by the time all these negotiations get done won't be signed into law until, what, maybe mid-August?

Justin Draeger:

Yeah. I agree with you. And the crazy piece is, like we have a cliff at September 30, 40 million borrowers are going to have to go back into repayment unless Congress just extends this basic forbearance they have. We already have a nightmare scenario on our hands, which is like, "What are we going to do? All these people are going to go into... 40 million people are going to go back into repayment unless they proactively do something with Congress in the midst of a pandemic where we're in the 19th straight week where this country has had over a million unemployment claims." So it just seems like doing a 180 to an entirely new repayment scheme just seems a pretty tall order for 60 days.

Megan Coval:

Yeah. And I also think too, it's one thing to have zero income, but there's a lot of people who, and that's what Senator Alexander is saying, "Hey, listen, under this proposal still, if you have zero income, no payment." But I just feel like there's so much influx now, and we have people who are working but not as much, who were working then got furloughed, then go back. It's too fluid, I think.

Justin Draeger:

And they also, there's no automatic way for servicers to process income based repayment right now, right?

Megan Coval:

I think so, yeah.

Justin Draeger:

So does that literally mean 10 million, 20 million borrowers submitting paperwork that has to be reviewed at a servicer?

Megan Coval:

I think so. That's the kind of thing-

Justin Draeger:

Right. I guess my point is, yes, you could put them all into forbearance and then backdate their income based repayment. But my point is, again, operationally pretty tall order. So while we support the provision, we have to implement it in a reasonable way over a period of time that allows negotiated rule-making so that stakeholders, including students, can be at the table to make sure it's implemented correctly.

Megan Coval:

Yeah, yeah.

Justin Draeger:

So, Megan, when's this all going to pass?

Megan Coval:

Oh. Well, technically the House is supposed to be recessing as of tomorrow at 5:00, and the Senate next week. But there is a lot of space between where the House, and the Senate, and Republicans, and Democrats are. So I'd be surprised if this got through before mid-August. I think they're going to have to stick around.

Justin Draeger:

That's best case scenario, right? Maybe in the next week or two. Worst case scenario is somebody was trying to float yesterday on Capitol Hill a short term extension to get us to September. But the biggest issue, which isn't higher-ed related, or at least directly, is unemployment benefits. And those have expired, those are expiring. What is today? Those are expiring-

Megan Coval:

Tomorrow, yeah.

Justin Draeger:

So it doesn't help if there's a short term that doesn't address the biggest elephant in the room, which is all these people on unemployment who are about to have benefit cuts.

Megan Coval:

Yeah. And then you think about the schools too. Well, there was a great article this morning on this. But such a big piece and focus of this bill was the schools. And a lot of folks are saying like, "Even at this point it's too late."

Justin Draeger:

Right.

Megan Coval:

Don't get me wrong, they'll take the money and it'll be helpful. But in terms of it influencing reopening, or-

Justin Draeger:

Well, right, if the money was meant to help schools open safely. The other piece is they made all that money available in the last bill, and they were saying in K-12... Did you see that only like, was it less than 5% has actually been drawn down?

Megan Coval:

Yeah, it was a really small amount, yeah. I saw that this morning.

Justin Draeger:

So I don't want to hear complaints about colleges who've drawn down most of the money, when over in K-12 they have less than 5% or something going on there.

Megan Coval:

That's right.

Justin Draeger:

That's thankfully not in our wheelhouse that we have to address. So all right.

Megan Coval:

Next time a reporter asks, we'll just say like, "Why don't you go to talk to a K-12 school?"

Justin Draeger:

Have you seen the K-12 members?

Megan Coval:

Yeah, yes.

Justin Draeger:

Okay, okay. Megan, we have some news this last week on CARES Act reporting. You want to catch us up?

Megan Coval:

Yeah. So on Wednesday, the department posted in the federal register and information collection request, or an ICR, on a data collection form that would be used to satisfy one of the HEERF reporting requirements. I want to say up front that this has all been very confusing, the reporting. So this does not have to do with the student reporting, excuse me, the reporting on the student funds that you are doing on your website right now, it also does not have to do with reporting on the institutional funds, which has been very messy as it relates to the Federal Funding Accountability and Transparency Act, and everything we've been working through with that. So this is additional, it ties back to a provision in CARES that said, the secretary will be submitting a report on the spending of these funds. And it basically gives us secretary authority, it says that however they may require schools to do so. So that's what this is. The comments are due September 28th. And you'll be hearing from us in today's news, but this is, I think, one in particular we're really going to need some school feedback. The draft form is out, and I think we will be looking to you all to help us figure out how easy or hard these elements would be to report.

Justin Draeger:

I think it's fair to say that as hard as implementation of the CARES Act was, reporting on it is proving to be just as if not more difficult. We have so many questions over to the department right now about reporting on CARES Act funds, including we talked about, I think, just a couple of weeks ago about how the department has this quarterly report that they do. And if schools are grantees and receiving X amount of dollars, and they meet this threshold they might already be doing reporting that fulfills the CARES Act reporting requirements. But we have questions about when there's conflicts between department of ED guidance in this quarterly reporting that's already happening. We have questions

about who is a sub-grantee. This is a pretty basic question, but is the institution a sub-grantee? What about all the students, are they sub-grantees?

Justin Draeger:

And then we have questions about whether institutions that awarded sub-grants of over \$25,000 are subject to that quarterly reporting, we have questions about deadlines that schools are supposedly supposed to meet in the law that don't seem to be defined in regulation. All that is to say, the department has all of these questions. We've raised them multiple times, and we feel your frustration. So we know that schools feel they're supposed to be doing something, the problem is it's just not clear exactly what. So stay tuned, we'll continue to ask the department of education. Okay. We have some news this last week, Megan, about immigration customs enforcement. You want to catch us up?

Megan Coval:

Yes. ICE put out guidance this week that new international students could not come to the US or remain in the US if they were already here if they are going to be enrolling in a institution this fall that is doing exclusively online coursework. So this is following up everything that happened earlier in this month when the department put out guidance that any international student couldn't remain here if they were doing only online coursework. And you probably remember, this was just a couple of weeks ago, this moved through the courts in rapid speed. And they ended up saying that there was an agreement and ICE would pull back on saying that, current students, yes, they could stay here. Then they came out and said that new students could not be here. So that's the news this week, and it may need-

Allie Arcese:

And technically though those students still take the classes just from their home country?

Megan Coval:

Yeah, yeah, they do-

Allie Arcese:

Although, that's a bunch of other issues.

Megan Coval:

Right. So they can enroll, but they just are not going to get like... There's these temporary visas that they can be issued if they're students and that's what they can't get. So whatever that decision came down, I remember somebody on the podcast said, "It feels too good to be true." And so here we are. But that also rolls into everything that's going on with DACA. So I think, Allie, you want to-

Justin Draeger:

Allie, yeah, you want to catch us up on DACA?

Allie Arcese:

Yeah. So similarly, when the Supreme Court decision came out saying that the Trump administration could not wind down DACA, we also said, "That sounds too good to be true." And in fact in that decision, also, it basically said, "Go try again." They just didn't end it correctly. But the court also did say that the administration was going to need to start accepting new DACA applications and processing those, and

the Department of Homeland Security came out on Tuesday, I believe, and said that they will not be processing new DACA applications, and they will be limiting renewals to one year instead of two as they work through a different way to address the concerns that they have with DACA, and whether they're going to try again to dismantle the program.

Justin Draeger:

Yeah. I guess what's really disconcerting about this is that they lost the DACA battle because of a procedural issue.

Allie Arcese:

Right.

Justin Draeger:

They didn't follow the proper procedures, but I thought it was pretty clear and I thought a judge even went on record saying they had to process applications. So this is a great example of like people say, "Well, yeah, you've got the three branches and there's a check in the balance." Of course, we're going back to like fifth grade civics. But what seemed pretty clear to all of us was that the Trump administration had to go through an administrative process to wind down DACA. But there are like, if you are committed to a policy of ending DACA, they'll go through every step possible. And even in this instance it looks like defy a federal order, a federal judicial order that says you have to process applications. They're just not processing any of the applications.

Allie Arcese:

Yeah. I don't know if they're saying not processing new applications is okay because they're kind of in the midst of figuring out whether they're going to fully rescind the program a different way.

Justin Draeger:

Like it's a suspension until they issue a regulation that can be commented on, and yada, yada, yada?

Allie Arcese:

Yeah, yeah. I don't know. So I guess we'll see and-

Justin Draeger:

Such so bizarre... I don't get it. I don't get it on a political... The majority of Americans support DACA. Business supports DACA. The chamber of commerce supports DACA. Individuals support DACA colleges. Just it makes no sense to me. I just can't find a reasonable reason for this commitment to blowing up this program. I just don't get it.

Megan Coval:

Yeah. I'm with you. It's head scratching.

Justin Draeger:

We'll see what happens. Allie, we've got news this last week disconcerting about a House investigation into a federal official. You want to catch us up?

Allie Arcese:

Sure. So on Tuesday afternoon, the House committee on education and labor came out with a report that was looking into the timeline of events and the department of education's involvement in this whole saga with the Dream Center schools, which the Dream Center education holdings a while back bought some for-profit schools. And then two of them had their accreditation revoked by Higher Learning Commission. And this has been going on for like two years now, at least. And previously in some congressional hearings, principal deputy undersecretary of the department, Diane Auer Jones, had said that she was unaware of the situation until July 10th, 2018. And this report that came out the other day from the committee actually shows just a whole trove of text messages, emails, things like that between high ranking officials at the Dream Center folks at HLC, the accreditation agency, and Undersecretary Jones, suggesting that she knew much more than she let on.

Allie Arcese:

And she knew more than she let on sooner than she had told lawmakers. So this was kind of a bombshell report. I will say that the spokeswoman at the department, Angela Morabito, did tell us that they believe this is a blatantly political attempt to blame undersecretary Jones for the actions of the accrediting agency, which they say violated both department regulations and their own policies by trying to remove accreditation from two schools. It's kind of a mess. There was this whole back and forth. They removed the accreditation and then the department stepped in and recognized them as nonprofit schools so that they would still be able to receive federal funds. Yeah. That led into another meeting this week.

Justin Draeger:

So I feel like people are trying to piece this all together, why is this all important? Besides alleged improprieties that the House committee found, the bigger issue feeds into accreditation, which is one leg of the three legged stool. We call it the triad. This is oversight of higher education. You have the federal government, mostly through the Department of Education, but at some other agencies, you have state governments that protect consumers from fraudulent schools, and then you have accreditors that are largely historically supposed to be focused on educational quality. Now they have more and more requirements that have been heaped on them over the years, but the accreditation is one of those.

Justin Draeger:

And because of this whole story about the Higher Learning Commission pulling the accreditation of two schools that were purchased by the Dream Center, which is the school that Diane Jones was communicating with, that Allie just described. All of this gets at, I guess, an accusation by the Department of Education to a committee of folks that advise the department, that said that HLC, the Higher Learning Commission as a creditor should have their ability to accredit schools, new schools, pulled for one year. And this was put before this committee. This committee is made up of both Republican appointees and Democratic appointees. Three of the appointees on this committee were appointed by secretary Betsy DeVos. And the-

Allie Arcese:

You should say-

Justin Draeger:

Yeah?

Allie Arcese:

... this is NACIQI we're talking about.

Justin Draeger:

Yeah, NACIQI. Thank you. The National Advisory Committee for Institutional Quality and Integrity, that's the committee that advises on accreditation. They voted yesterday nine to two to reject the department's recommendation to take punitive action against the Higher Learning Commission. That is not a binding vote on the Department of Education, this is advisory only. But I think it's worth noting that Republicans and Democratic appointees voted against the department's recommendation. What's also interesting is yesterday when the department made its case against the Higher Learning Commission, it was done by assistant secretary Bob King, who's a political appointee. That's not normally done in the NACIQI hearings or committee meetings.

Justin Draeger:

Usually it's career staff that do this sort of thing. It's not clear why the career staff were not there presenting to the committee. But all of this is, if this is sounding very confusing, that at the end of the day what we're talking about is one of the three legged stool pieces that's supposed to ensure institutional quality, and we clearly have some significant dysfunction in what's going on in accreditation. And separate from all of this, this was sort of the main show. Separate from all of this is this whole other accretor ACICS, which we talked a lot about in previous years, they accredit a lot of proprietary institutions. There's a whole other question about their ability to accredit schools that just wasn't adequately addressed-

Allie Arcese:

Right.

Justin Draeger:

... in any of the NACIQI meeting.

Allie Arcese:

And one part that I kind of skipped over in all of this, that is where it really touches on our arena, is that during the time that these two schools were unaccredited... And this is why it's an issue of like, what did the department know, when did they know it? Because during that time these schools were still receiving millions of dollars of financial aid-

Justin Draeger:

Right.

Allie Arcese:

... when they did not have accreditation, which is required when you're a for-profit school. But that's why it gets into tricky territory when the department went and retroactively made them nonprofit schools.

Justin Draeger:

Yeah. So the question at hand is this. If you're being very generous to the department, you're saying the department was doing everything it could to keep money to these students so they can continue to enroll in college because without accreditation they couldn't receive the financial aid to stay enrolled. That's the generous reading of this. If you're less generous, you would say, which the accusation, or implicit if not explicit accusation, is that the department under the Trump administration was trying to give favors to proprietary colleagues or allies in accreditation in schools. Now, the truth in that, I'm not going to weigh in on.

Justin Draeger:

I'll just say that it appears like we have some dysfunction. It appears that policies and procedures were not precisely followed. And at the end of the day, the Dream Center could not sustain its own business model regardless of taking these schools and turning them into nonprofits. So we have a big cluster at this point with that entire process. All right. So as we wrap up, this would normally be the week we would say adios to everyone. Congress would go into recess and we'd see you on other side of Labor Day.

Allie Arcese:

In an ideal world.

Justin Draeger:

In an ideal world. But in a quarantined world where we're meeting by Zoom, we will continue to do podcasts. We have a special episode or two lined up.

Allie Arcese:

We have a couple special episodes coming out.

Justin Draeger:

Okay. And if something happens in Congress, as Megan predicted, everybody wrote it down, that she predicted that Congress agree to deal in two weeks, then we'll come back, and we'll break it down for everybody. And then consider, besides today's news of course, we might consider webinars and everything to talk about what schools can expect next. But I guess that's the say, Allie, like it's so long, farewell, have a great August, but we'll probably be talking-

Allie Arcese:

We'll probably see you in August.

Megan Coval:

Yeah. We'll see you.

Justin Draeger:

Well, thanks everybody for joining us for another edition of Off The Cuff, send us your comments. Remember to subscribe, share with a friend. We will talk to you again soon.