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

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

David Tolman:
And I'm David Tolman from training and regulatory assistance.

Justin Draeger:
Welcome back, David and Jill. It's good to see you. Jill, in particular, you've been covering negotiated rule making for us along with Hugh and Owen and our comms folks. I was just saying before the podcast, it feels like you've been off in like purgatory. It's like every week there's a committee and then there's the subcommittees.

Jill Desjean:
Yeah. There's not a lot of time in between to catch a breath. I really do feel like to read email, to do anything, it's literally like swimming up to just gasp and then go right back down.

Justin Draeger:
Right, yeah. But it's good to see you.

Jill Desjean:
Yeah, same.

Justin Draeger:
You look great, like you're still energetic. You're not being crushed by this regulatory process. You're hanging in well.

Jill Desjean:
Well, I'm not on the committee.

Justin Draeger:
Well, that's true. How are our nominees doing, I guess I should ask.

Jill Desjean:
I think our nominees are doing great, and their energy is admirable, and they're being really good advocates for students and financial administrators.

Justin Draeger:
That's great. Jill, you are also our resident medical expert on staff.

Jill Desjean:
Naturally, yeah.

Justin Draeger:
You don't have a medical license. You are married to a person who does. I was thinking this morning, how are you feeling about the pandemic now? Are we coming out of it with the vaccination announcement for children? Where are we at? What's your expert opinion here?

Jill Desjean:
I'm still feeling terrible about it, I'm going to be honest.

Justin Draeger:
Well, I just feel like this might be a predisposition. I don't know.

Jill Desjean:
It may be. But I just saw, I can't even remember what country, it might have been Germany, has really high numbers again now. The idea of ever leaving this country again just seems like it's never going to happen. My sister-in-law is going to Aruba for Christmas and she said, "You guys should come." And I was like, no. But also our passports were expired. It's just been so long.

Justin Draeger:
I'm with you on that.

Jill Desjean:
This is awful.

Justin Draeger:
We also have all expired passports and trying to get Deanne, me, and our three kids, all getting passports is such a monumental effort.

Jill Desjean:
Oh, yeah. The appointment -

Justin Draeger:
It's just monumental. I don't know. I could get mine renewed, and Deanne will get hers, but the kids is ... I don't know. We have to go to the post ... Have you been to the post office ever recently? It's a nightmare.

Jill Desjean:
Not recently, no. But I remember when I took my kids, granted was five years ago so they were little, to get their passports. I thought we were going to be asked to leave. Seriously. The guy was -
Justin Draeger:
Because it was so unruly.

Jill Desjean:
The guy was not impressed. And I'm like, you made us come.

Justin Draeger:
When I have to go to the post office I travel to where my mother lives, which is like Millbury, Ohio. And they have a post office there and nobody uses it.

Jill Desjean:
Oh, nice.

Justin Draeger:
And here in Northern Virginia or DC, just forget it. It's like the DMV except longer.

Jill Desjean:
Yeah, I've been to the one near our office a couple times, and you think you're going to pop in and pop out and you're like, oh, 45 minutes.

Justin Draeger:
There is no pop in and pop out.

Justin Draeger:
All right. Well, I'm going to take that to the bank, Jill. I'm sorry the medical news isn't better, but I trust your opinion. Also, I've been having some health issues. I'll follow up with you after.

Jill Desjean:

Justin Draeger:
Okay, great.

Justin Draeger:
All right. Let's jump into things. We've got our two resident experts on student financial aid here. There's a couple things we want to tackle. Jill, I'm going to start with you. Department of Education just issued some new guidance on aid offers and I'm questioning here, is this new or is this rehashed or what has the Department done here with financial aid offers?

Jill Desjean:
This is, I'd say a rehash with some tweaks. It's not an exact replica of what they put out before, but it's pretty close. So they had previously published a document called Recommendations: What Post-Secondary Institutions Should Work to Avoid When Issuing Financial Aid Offers. And this was a couple years ago, April of 2019.
Justin Draeger:
That's a long title for a report.

Jill Desjean:

Justin Draeger:
Okay. Already an improvement. Okay, keep going.

Jill Desjean:
Yeah. So essentially the big differences between the old one and the new one, there's an overall sort of change in tone. You can kind of tell that from the title. Before it was just what you should avoid, now it's what you should include and avoid.

Jill Desjean:
And the language is kind of generally just a little more forceful. The old document kind of said, you should think about this. You should avoid this. This new document gives much more firm recommendations. Like for example, they say always include the cost of attendance in the aid offer. The earlier guidance had just said, avoid issuing an aid offer without a COA. So now the Department's being like, yes, put the COA on the award letter, which makes good sense.

Justin Draeger:
Okay. A little more direct. Sounds good.

Jill Desjean:
Yeah. So a subtle difference, but the language is definitely a little more geared toward what they want to see institutions doing versus suggestions about what you might want to consider.

Jill Desjean:
They also added more detail on what information schools should provide with respect to the cost of attendance. So in addition to saying you should have the cost of attendance on there, they want to see that schools include whether the cost of attendance is based on full time enrollment or part-time enrollment, whether it's based on in-state tuition or out of state tuition. And they're also saying that they want to see schools distinguish on the COA between direct costs and estimated costs.

Justin Draeger:
Okay. So a lot of that sounds like it aligns with what we've suggested and hold our schools to in terms of minimal things that should be on an aid offer. I'm sort of curious about why the preference about in-state or out-of-state. Your tuition is your tuition. But that that's fine. I mean, I guess I don't have to quibble with that piece. But the other pieces all sound good.

Justin Draeger:
I think the one question I have, and we've struggled with this for a long time, even within our profession, a lot of debate, and it's been in the news left and right, which is, what do you do with loans, and more specifically, PLUS loans?

Jill Desjean:
So the Department had been saying before not to list PLUS loans with other loans, so to keep PLUS loans in a separate section from say, direct sub, direct unsub loans, just noting that there are distinctions. A subsidized or unsubsidized loan is something that students can get without any kind of a credit check, no underwriting. It's just if you meet the eligibility requirements, you get one. Whereas the PLUS loan does require a credit check. And so to list it with the other awards as if you could get a PLUS loan just like you could get something else, they didn't think was right.

Jill Desjean:
They take it a step further in this latest guidance by saying that schools should not include PLUS, and they also say institutional loans or private loans, they categorize those as well in that same category. They shouldn't include the amounts of as loans on aid offers. So they should just be listing them as options and note that students need to research them on their own.

Justin Draeger:
Question about this. Because if all schools were doing direct and indirect costs, and then they were doing your grant scholarship aid, and then you were sort of coming up with the net, I guess where we've sort of broken down as a community is like, then what difference does it make if you list all of the other financing options with the financing? Are we sort of seeing this snowball of opinion now that PLUS loans and institutional loans and private loans just should not be listed on aid offers?

Jill Desjean:
Yeah. I mean, that's where it seems to be headed. And we've talked about this before. We wrote an op-ed on this, about sort of this move to, if the PLUS loan is broken, maybe we should just fix the PLUS loan instead of hiding it, not telling anybody about it. The idea of sort of, well, this is a thing, but do it on your own. That's not how students and families work with financial aid offices. They come to the financial aid office, they want sound advice. They want to objective advice. To just kind of throw just a tiny bit of information at them with nothing else and say like, you're on your own now, especially when it's a federal loan program, seems a little strange.

Justin Draeger:
Yeah. And I think the other strange piece is that legislatively, we saw one legislative proposal by Senator Grassley, Understanding the True Cost of College Act, which would basically standardize aid offers, and not put in PLUS loans, as opposed to legislation to actually tackle and fix PLUS loans and their eligibility criteria and underwriting standards.

Justin Draeger:
So you're saying the Department's using firmer language here, like do this, don't do that. But is this incumbent on institutions? I mean, is this guidance that is required? Will schools be facing federal overview on this?

Jill Desjean:
No. So these are still recommendations from the Department. They just say schools should, but not that they must follow these guidelines. Their spin on it is just that they say they feel strongly that following these guidelines will improve the clarity, transparency, and basic understandability of financial aid offers, but they don't go so far as to say that schools have to follow these guidelines.

Justin Draeger:
And from NASFAA's perspective, how close do these align to things that we've been working on for almost a decade now?

Jill Desjean:
Really closely. NASFAA doesn't have a position on the packaging of PLUS loans, but other than that, NASFAA's position has always sort of been, include cost of attendance, disclose as much information as you can, but leaning away from a standardized format. So this certainly doesn't do that either. It's more about focusing on using the terminology, using standardized terminology, providing all the information that a student needs to make a decision, but not a template.

Justin Draeger:
Does this change any of the guidance around the College Financing Plan, which was formally the Shopping Sheet? Are schools required to use it? Or are they required to use it more or less than they were before if they were serving veterans or something like that?

Jill Desjean:
So the College Financing Plan is still a thing, and that is a template. It is still available for optional use only, except, as you mentioned, for schools that participate in the VA's Principles of Excellence program. So ED updated the 22/23 version of the template that's now available on their website.

Justin Draeger:
Any response to the action in Congress we mentioned earlier? Senator Grassley is looking into sort of these standardized aid offers.

Jill Desjean:
Yeah. So Grassley's office introduced that Understanding the True Cost of College Act a few years back, and it was a straight up template and it required a lot of information. One of our colleagues here at NASFAA came up with a mockup just to be able to fit all of that information on one page. And it was super tiny font, pretty unreadable, not super user friendly. NASFAA did not support that one because it gave zero flexibility for schools, even in terms of just like where they could put certain information or how they could make it look to align with what they want students to see.

Jill Desjean:
But we did support the Fact Act, which was introduced around the same time by representatives Trahan and Smucker. And that required, much more in line with NASFAA's code of conduct, standardization of elements of the aid offer. Include this, include this, but include it how you want. And also standardization of terminology. Always call this thing what it is. But they didn't go so far as to dictate some kind of a rigid format that schools would have to follow.
Justin Draeger:
In some ways, the Fact Act sort of aligns with this latest issuance of guidance from the Department as well. I know they have the Financing Plan, which could be a template schools choose to use, but what they're issuing right now is sort of a do this, don't do that. It's sort of sticking to principles, calling things what they are, not skirting over the fact that we have loans in this package, et cetera.

Justin Draeger:
Thanks very much. David, let's bring you in. I think we've had a lot of questions over the last couple weeks about academic calendar formats. The last time we talked you discussed some of the challenges with return of title four guidance and regulations. I still think we're getting quite a bit of those. But we've published a lot of resources we went into the last time we had you on in October so people can go back and re-listen to that podcast. So talk to us a little bit more about these academic calendar formats.

David Tolman:
Well, NASFAA is receiving a lot of questions from financial aid offices that operate at schools that so far stick to traditional calendar offerings, such as semesters, trimesters or quarters. But now those campuses are proposing new academic programs or changes to existing programs that don't clearly fit that quarter or semester structure.

Justin Draeger:
All right. So what are some examples here?

David Tolman:
Well, they kind of fall into three categories. The first one is modules, but there's also non-standard terms, and non-term programs. And the easiest one to deal with probably is modules, which we talked about modules at length last time because of the return of title four funds regulations, but just to repeat what it means, a module is any course or set of courses, and it can be just an individual course, where the length of that course or courses spans less than the length of the full term. And it doesn't matter what they call it. It has different names: sessions, short courses, mini terms. But according to the Department of Education, anything that's less than the full term is a module.

Justin Draeger:
All right. What are non-standard terms?

David Tolman:
Non-standard terms are where you've got a firm start date and a firm end date with a gap in between when the next term starts, but the length of the term doesn't fit what is acceptable for a quarter or semester.

Justin Draeger:
All right. And then non-terms.

David Tolman:
Non-terms is kind of the granddaddy of them all. This is where there's not really a clear start or end date between terms, and schools can find themselves in a non-term situation by having overlapping terms.
And that can happen with just a single course. I'll give an example. It starts before the fall semester ends and doesn't end until after the spring semester begins. So there's not a clear start and end date to the term. That becomes non-term. The other one are probably self-paced courses where students can go at their own pace.

Justin Draeger:
So I'm just wondering, and I'm not going to hold you to this like with a quantitative research study, but just based on questions, which of these three do you think is sort of proliferating most? Where are we seeing the most growth at institutions? Is it across the board? Is it evenly distributed? Or are they more going into one of these three non-standard terms than the other?

David Tolman:
Well, I think we probably get more questions about modules, which the good news with modules is as long as they don't leak outside of the term, they don't change the program much. But we still get a lot of questions about modules.

Justin Draeger:
David, remind me here. I thought the Department provided guidance that sort of expanded the definition of a standard term. And I hesitate to even ask this because it's sort of like one step forward, two step backwards, but didn't that help schools at all in terms of defining these things?

David Tolman:
It did help schools. And the Department issued an electronic announcement in November of 2019 called simply, The Revised Policy for Standard Term Length.

Justin Draeger:
And there were some flexibilities with that electronic announcement?

David Tolman:
There were, actually quite a bit. So previous to this, the standard term definition of a semester was it had to be between 15 and 17 weeks in length, and a quarter had to be between 10 and 12 weeks in length. Every term had to be within two weeks length of each other. And there was a two week tolerance given to classes that might bleed over a term.

But the information in the electronic announcement significantly expanded the definition of a quarter or a semester. So a quarter can be between 9 and 13 weeks in length. A semester can be between 14 and up to 21 weeks length. It removed the need as well for terms to be within two weeks length of each other. So it makes it possible for a school to actually offer two semesters, one that's 14 weeks in length and the other one 21 weeks in length, but it's still considered a standard semester term.

Justin Draeger:
So they sort of expanded these definitions, created these bright lines. I would think that would sort of decrease the number of questions we're getting. So where's the confusion?
David Tolman:

Well, confusion is coming ... For some schools that were non-standard term, this allowed them to become standard term because the length fits now within the definition of a semester. So there were some that were clarifying on that. And it expanded the capabilities at schools that were already standard term. But there's still program formats that are being proposed on campuses that don't really fit within the guidelines of that electronic announcement.

Justin Draeger:

I presume that schools are delving more into this to meet the needs of students. They're trying to be more adaptable to the pace or the timing that the students want. Is that right?

David Tolman:

Exactly. A big driver of this is enrollment management, declining enrollments, the upcoming birth dearth. And so in order to meet that, sometimes niche programs are being created that serve a very specialized population, and courses are being designed specifically for those types of groups of students. But also, COVID gave schools some confidence in doing things outside of what they typically do at an institution that's otherwise pretty slow to make changes.

Justin Draeger:

So I imagine this creates some friction on campus, because on the one hand it's a lot easier, I imagine, to work in a standard term program than non-standard term. And so you have part of the institution that wants to sort of adapt and meet student demand and be part of this sort of expanded enrollment management model. And on the other side, working in non-standard terms comes with, I assume, all sorts of other things that people have to think about. What are some of those things? What does the school need to be thinking about here?

David Tolman:

Well, calendar structure might be kind of taken for granted at schools that typically operate on a semester quarter schedule. But as you move away from that, and the further you move away from it, your ability to do things in bulk decreases, and instead you're doing things on a student by student basis.

David Tolman:

So some examples of where moving towards a non-standard or non-term program is when you disperse aid. And schools could find themselves in a situation where they're not able to disperse aid at the beginning of what the school calls a term, and instead it's going to depend on individual student progress within the program, regardless of when a term starts or ends.

David Tolman:

Other things, such as when students progress to their next annual loan limit. The use of a borrower based academic year, rather than a scheduled academic year for direct loans. The formula a school could use to determine a student's federal Pell grant eligibility. And when a school should review a student's eligibility, such as a satisfactory academic progress.

David Tolman:
And then finally, probably the biggest complication, as it moves further away from standard term, the question is whether the school’s software has the ability to adapt and do things on a student by student basis, rather than just on a calendar we disperse 10 days prior to the beginning of the term. Now we're having to track every student.

Justin Draeger:
Yeah. So it sounds like if this is being brought up on campus and financial aid administrators sort of have a chronic fear, I would say, and maybe some of this is just lack of understanding at the administration level, but this fear of being the "no" people. And what it sounds like is this is doable, it's completely doable, but there's a trade off with efficiency, that you're going to have to be doing more manual tracking, breaking down your students into smaller groups as you tackle all the things that you just talked about because they're on a non-standard term.

Justin Draeger:
If I am a school and we are headed in this direction, or we're already in this direction, but we're seeing increased requests for these non-standard term or non-standard traditional terms, any suggestions? What should these schools be doing?

David Tolman:
Well, if I was in a financial aid office again, I would make sure that I am as close as possible to wherever it occurs on campus that those decisions or proposals are being made. The last thing you want to have happen is have a program developed and then handed to you. You want to have the opportunity to provide input, including, not to shoot things down necessarily, but to explain, here's the impact that this will have not just on our office, but on students as a whole. That's some of the things that they could be doing.

Justin Draeger:
As they rethink their calendars, what are some of the key concepts you would say they really need to clue in on here?

David Tolman:
Well, if there's one thing to remember, it's to do anything that avoids an overlap in terms. One class that overlaps two terms makes everything non-term, and that's as far away from standard terms as you can get. But maybe review some of those calendar concepts that you might not have had the need to pay attention to in the past before. Things such as payment periods, the academic year definition. Because in standard terms a payment period is the term, but as you move away from that, you need to understand what a payment period is.

David Tolman:
So for example, in non-term or in some non-standard term, the first payment period is when the student completes half of the weeks and half of the credits in the academic year definition. Schools may never have really given much thought to the importance of the academic year definition, but as these non-standard programs emerge it becomes very important and very critical to how you administer aid.

Justin Draeger:
So the headlines here might be, we expect that these will continue to proliferate at colleges and universities as they try to meet student demand and engage in more sophisticated enrollment management models. Aid offices shouldn't automatically think that these aren't doable, but there is an efficiency trade off. They would want to be involved in these conversations as early as possible. And if I heard you right, sort of maybe a subheading is, one of the major things here is, avoid overlaps in your terms.

David Tolman:
Avoid overlaps, definitely.

Justin Draeger:
All right. Thanks very much, David. If people have additional questions about this, they certainly can check out our Ask Reg's knowledge base, any of our NASFAA coursework. They can check out the show notes where we'll have the Department's information and updated guidance on aid offers and on academic calendars. Let's bring in one of our Today's News reporters, Hugh Ferguson. Hugh, it's good to see you again. What's going on in the news, financial aid news this week?

Hugh Ferguson:
So this week two of the big news items that we're following include ED's decision to end its contracts with student loan debt collection companies. And we also have coverage of the existence of a student loan debt cancellation memo that's recently been floated around from the administration. So those are two big things that we're on the lookout for right now for updates to. And again, anything surrounding the impending return to student loan repayments that's slated to begin in February, that's kind of where our focus is as we're rounding out the end of the year.

Justin Draeger:
Yeah. What's going on with Congress? Are they any closer to building back better? Or where are we at?

Hugh Ferguson:
So they've been out this week, so it's been quieter in terms of the daily grind of following things happening. But they're out with more messaging. As of right now, congressional Democrats have teed up the week of November 15th as their latest self-imposed deadline on their reconciliation package.

Hugh Ferguson:
There's still wiggle room in that agreement. For folks that are really dialed into congressional news, last week moderate members of the Democratic party pledged their support for the reconciliation package if this impending CBO score that's going to detail the effects on the budget comes out without any wild implications and that any changes to the text are just technical in nature. But that gives members some wiggle room if you really read into the pledge. And we're just going to ... Similar sort of holding pattern, seeing what's going to happen.

Hugh Ferguson:
And the big thing to keep in mind is just that we are approaching the end of the legislative calendar for the year and members are going to try and wrap up their appropriations work. There are a couple of
actual deadlines in place, but this is definitely more of the legislative crunch time in which things should move.

Justin Draeger:
So it should be a pretty wild December as Congress tries to tackle 16 things at once, almost as usual.

Hugh Ferguson:
Exactly. And it's just wild to me because it seems that every November there's almost a respect for Thanksgiving, where it's like they don't really mess with the calendar that week, but as we get closer and closer to Christmas it's just like anything and everything is happening. So we'll see if that trend continues this year.

Justin Draeger:
Yeah. On the NASFAA policy and communication side, there have been many at Christmas Eve where we've spent some virtual time together watching Congress, as opposed to spending it with our family. So here's hoping that doesn't happen. And if members want to catch up on any of those stories, they can just check out our show notes and certainly stay plugged into today's news. Thanks very much, Hugh.

Hugh Ferguson:
Thank you.

Justin Draeger:
Thanks to Jill and David for joining us for this episode. For all of our listeners out there, remember to send us your comments, remember to subscribe, remember to tell a friend, and share this podcast if you think it'd be helpful to any of your colleagues or friends or family. And we look forward to seeing you and talking to you again very, very soon.