NASFAA's "Off the Cuff" Podcast – Episode 217 Transcript

OTC AskRegs Experts: HEERF Updates and Institutional Preparations for the 2022-23 Award Year

Speaker 1:

Today's episode of Off The Cuff is brought to you by Award Spring. Scholarship administration isn't easy. Between creating forms, finding qualified applicants, gathering data and communicating with reviewers, the process can be a months long headache. Award Spring relieves the pain with an efficient solution for less paperwork and more awarding. Learn more about Award Spring's scholarship management software at awardspring.com. That's A-W-A-R-D-S-P-R-I-N-G.com.

Justin Draeger:

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

Jill Desjean:

I'm Jill Desjean with NASFAA's policy team.

David Tolman:

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

Justin Draeger:

Before we get started today, I just want to, again, thank our sponsor, Award Spring. You can check out their information in the show notes. Thank you very much for your sponsorship. Welcome back, David and Jill. Glad to have you here. We're going to dig in to some regulatory issues in just a moment. But before we get to that, Jill, you're in the DC Metro area. I couldn't help but notice that despite all the forecasts, there's not a single trace of snow anywhere in DC. And I imagine, are you in the Beltway or outside the Beltway? I can't remember.

Jill Desjean:

In the Beltway.

Justin Draeger:

Okay. And I'm right outside. But my school was closed. My kid's school was closed at like, I don't know, 06:00 PM last night because there was a threat of a snow flake. And how about your kids? Are they there?

Jill Desjean:

Yep. They're home.

Justin Draeger:

Yay.

Jill Desjean:

They're home. It was a little rainy earlier, and now it's nothing. But they're enjoying another day off.

Justin Draeger:

Yeah. My kids slept. I mean, everybody was asleep when I left the house this morning. But when I saw it was canceled, I immediately thought it was COVID related. And that sent me into heart palpitations, because that's not like a 24 hour closure, right?

Jill Desjean:

No, it is not.

Justin Draeger:

Right. But then I saw it was for snow that never came. And I was like, all right, well, whatever.

Jill Desjean:

That's just youzhe for the DC Metro area. So that's fine. A no snow, snow day. Whatever.

Justin Draeger:

That's right. So David, you're well past the age of having to deal with little kids and snow. Your kids are older. And I imagine in Idaho, where you're at, it could snow like a foot and that's just like a normal winter day for you?

David Tolman:

Yeah. In a lot of Idaho, it is that way. But actually, the Boise area doesn't get much snow. It's probably closer to Virginia. So not a whole lot of snow days here. So I've got a kid in high school at home, two in college, and one in grad school. And the only one who is not attending in person is the one in grad school, in New York City.

Justin Draeger:

All right. Well, that's great. So, he is in New York City though?

David Tolman:

Yeah. And he's paying all that rent.

Justin Draeger:

Yeah. Well, room and board. Okay. Well let's jump into some topics here. We've got some questions coming in from NASFAA members I want to tackle with you. Jill, I've seen several updates this last week. And hopefully, you can help us sort them out. On the HEERF annual reporting form, that's usually due around now, right?

Jill Desjean:

Yeah. Last year's report was due end of January at some time. So right about now. And we'd been hearing from a lot of schools because the department hadn't really said anything as to what the deadline would be or what the final year two form would look like. So the department did start, or maybe finished, emailing schools last week, letting them know that the deadline for the HEERF Annual Report for this second year, year two, which is for calendar year 2021, is going to be May 6th. And they will open the annual report data collection tool portal starting on April 11th.

Jill Desjean:

So if any schools haven't seen that email, they should check with whoever their institution designated as their primary contact for HEERF Grants and Reporting, they probably got it. But hopefully, other schools have seen that. And schools will be able to submit their year two HEERF reports, as well as make corrections to the year one report, during that mid April to early May timeframe the portals open. And the department also shared a Word document that contained all of the questions that will be in the portal. So even though schools can't start reporting yet, given the amount of burden that is involved with the reporting, at least they know which questions they'll be asked so that they can start to prepare for that when the portal opens.

Justin Draeger:

So last year when this happened, as I remember, last year was the first year, right? That was the first annual report. So now we're onto year two. We've got a little tenure under our belts. What's changed?

Jill Desjean:

Quite a lot. ED retained most of the questions from last year's form, but they also added several. They added this table where they asked schools to rate their agreement with a handful of statements about how HEERF has impacted their institution and their students. So they asked them to agree or disagree with statements like HEERF has allowed us to keep our net prices similar to pre pandemic levels, or HEERF allowed us to keep our students enrolled. They also added questions about the numbers of non Title IV eligible students, and how many of them received HEERF grants. And that obviously is a reflection of the department's changed guidance, changed interpretation of the law that allows non Title IV eligible students to get the funds. Whereas with the CARES Act funds at schools were reporting on for year one, that was not an issue because students had to show that they were Title IV eligible.

Jill Desjean:

The department also added a question about whether institutions have designated any of their HEERF funds for a specific purpose in a future calendar year, or if any funds are being reserved for future use. And there is a brand new question breaking down lost revenue by source. But probably most significantly, the department is asking for a lot more disaggregated data than last year's report. Last year, schools were only required to disaggregate certain data by whether a student was a grad or undergrad, full-time, part time status, and Pell recipient status. And so, schools are now going to have to report their number of enrolled students, number of HEERF grant recipients, total amount of grants dispersed, and average amount of HEERF grant awarded all disaggregated by race, gender, and age.

Justin Draeger:

Just a side question. How long ago did the schools know that they would have to do that disaggregation? Is this a recent announcement?

Jill Desjean:

The department released a draft in the fall. I want to say August, September, they released a draft. And NASFAA commented on that. We did joint comments with NACUBO, and we commented about the burden of all of that disaggregation. The fact just that schools probably, not just like the work involved, but also the fact that schools didn't know when they were awarding these funds that the department would be asking them to disaggregate. And so they may not have awarded their HEERF funds, A, through the financial aid office at all, or through their financial aid office system. So this data may not be easy for them to break down by these disaggregation levels that the department's looking for because they didn't know in advance that they needed to.

Justin Draeger:

All right. Here's the million dollar question I have. Because every time the department puts something out like this, or there's a Paperwork Reduction Act sometimes requirement about like, what is the actual burden? And sometimes the department, their estimates are comically low. So I'm curious, how long does the department think it will take schools to pull this information together?

Jill Desjean:

I think this is the highest burden estimate I've ever seen. It's 40 hours. I think that they used that at our suggestion. That was a number that we threw out there in our joint comments with NACUBO. The estimate had been six hours. And so, even without all the disaggregation, schools were telling us, no, this took us a lot longer than six hours last year. But it was the first year in blah, blah. So schools might be better at the reporting piece of it now, and may have developed the systems they need to report, but with just all of this extra reporting and the need to probably dig deeper into their systems to be able to sort out by race, gender, ethnicity. The 40 hours seems-

Justin Draeger:

More reasonable.

Jill Desjean:

More reasonable, hopefully. I hope we don't hear from schools that it's taking them much longer than 40 hours. That seems like an awful lot for one report.

Justin Draeger:

I also saw this last week, the Department of Education released some updated guidance maybe, or reminders to schools about how they can use some of their HEERF funds.

Jill Desjean:

Yeah. So not a new use, but again, kind of just a reminder. The department issued guidance about how schools can use their HEERF funds to help students to meet their basic needs. And in that guidance, they do address how a school would then go about reporting it. It's kind of intuitive. But basically, they say if there's a category on the form that fits the way that you use these funds to meet a student's basic needs, use that category. If you can't find a category that adequately captures that, then use the other uses of funds field, and then enter information about how your institution is using those HEERF funds to meet students' basic needs.

Justin Draeger:

Yeah. So if there are schools out there with remaining funds, and they're looking for ways to use this, this meeting basic needs might be an area they would want to explore if they haven't already. Any final notes on these annual reports that are coming up, Jill?

Jill Desjean:

Yeah. So with respect to that burden and all of that disaggregation, another bone that the department threw financial aid administrators institutions was that they asterisked certain questions, mostly those disaggregated questions. And any question that has an asterisk, a school can hold off on reporting that now and wait to report it in the year three cycle, so in 2023. So they'll still submit an annual report this year with just the required questions. And then they can choose to report on those asterisk questions. If they need more time to develop new systems and things like that to do the reporting, they can wait until next year, 2023.

Justin Draeger:

Okay. Good notes to have. Thanks very much, Jill. David, let's bring you into the conversation. What are members asking about over in training and regulatory assistance this week?

David Tolman:

Well, there's a lot of questions coming in on a variety of topics. But we've seen that a lot of schools are actively preparing for packaging their students for the 2022, '23 award year. And part of that preparation involves setting the cost of attendance, which is mostly what I'm going to be talking about today.

Justin Draeger:

Just as a reminder to folks, the Consolidated Appropriations Act, back in December 2020, that had all these federal methodology changes, also had changes to cost of attendance. But David, those aren't going into effect just yet, right?

David Tolman:

That's correct. And there were some significant changes made to the cost of attendance. But those don't go into effect until July 1st, 2023 at the earliest. That's if all negotiated rule making and all that happens potentially later.

Justin Draeger:

Yeah. And that will be coming from the department, presumably, through some regulatory process in the future. But what are some of the things that potentially we could find ourselves in here?

David Tolman:

Well, one of the big changes is, it allows the secretary of education to regulate all components of the cost of attendance, other than tuition and fees. And under current law or statute, the Department of Education is prohibited from regulating cost of attendance. So these will be a significant change. And we can go into more detail at a different time. But for now, we're going to focus on the cost of attendance statute, and go over some of the things that schools should be aware of to remain in compliance with current statute.

Justin Draeger:

All right, David. Let's bring us back to '22, '23. So for schools that are building their budgets right now, what are some things they need to keep in mind as they build out their cost of attendance for this next academic year?

David Tolman:

A lot of what we're going to cover is going to be basic to a lot of schools. But in this basic information, some schools are always caught by surprise by some of the things. So we'll start with tuition and fees, the first component. And schools can use either an actual or an average. There are some things to be aware of though, if an average is used.

David Tolman:

The statute contains the language based on students carrying the same academic workload. So what that means is, a school cannot use a single average for all students without regard to their enrollment status. So students are enrolling full time, three quarter time, half time, et cetera. Then tuition and fee categories must also reflect those statuses. And in using an average, it needs to be a weighted average, not a simple average or a baseline. So for example, for full-time students, maybe tuition is staggered for each credit a student has above 12, 12 being full time. Well, you can't use the 12 credit hours as the average for all students. If there's some that are taking more, you would take the number of students who are paying 12 and the number of students who are paying for 13, and then take the average across those based on the number of students in each one.

Justin Draeger:

Okay. Anything else?

David Tolman:

The other thing to know is, be careful of professional judgment in this area. You can't increase a student's cost of attendance just because their actual tuition fees exceeds the average. For one, that kind of defeats the purpose of having an average. You can't just increase a student because their actual charges are higher than the average that you've allowed. You need to have professional judgment based on documented, special, unique circumstances.

Justin Draeger:

Okay. That makes sense. What are some other things that we need to be aware of?

David Tolman:

Some other things are loan fees. Those are required to be added for any student who has a direct or a plus loan. And those can be based on an average or an actual fee. And schools are allowed to leave the fee in there, even if the student doesn't take the loan. But it cannot mask an over-award. So for example, if there's a $50 fee in there, but the student didn't take out a loan, you need to leave a buffer of $50 when packaging the student. But most schools find the easiest way to handle this is just to remove the loan fee if they're not taking out a direct loan.

Justin Draeger:

What if a school does add a loan fee, and then the student or parent doesn't end up taking out the loan. So are they required to then roll that out?

David Tolman:

Well, there's some confusion about how to treat the other categories. So you've got the standard categories. Those are tuition and fees, books and supplies, room and board, transportation, and miscellaneous or personal expenses. But there's some other categories that exist in statute such as dependent care expenses, study abroad, disability related expenses, to say a few. So in statute, the intent is that if a student is able to document an expense in one of those areas and the institution considers that expense to be reasonable, that expense should be added to the student's cost of attendance. It's not a professional judgment decision. And there is some confusion on that. It's an allowable expense. And if it's documented, the student has provided that information, then it should be added into the student's cost of attendance.

Justin Draeger:

Yeah. So this is a good point we probably should highlight, because I get this question, actually, amongst policy makers too. What would distinguish a cost of attendance adjustment versus a professional judgment?

David Tolman:

Well, let's start with a school's policy and procedures. Like everything, but especially cost of attendance, you need to have some policies that set the amount that you're going to allow based on the characteristics of that student. And it should address all categories, the standard categories and those additional categories like study abroad and disability. If you are staying within the policy that you have set, then that is just a standard adjustment.

David Tolman:

But a deviation from that is considered professional judgment. So let's say that you have allocated a maximum of $2,000 for study abroad expenses incurred, but you've got a student who's going somewhere special where the additional costs are going to be $5,000. To go above that 2,000, that would require professional judgment. But something within the 2,000 is not professional judgment. And this can have impacts on staffing for actually handling the disability, independent care and those other requests. They don't have to be routed to be exercised with professional judgment. It could be routed to some other staff who might have more time available to process those standard requests in a more expedited manner, I guess, since adding them within policy is not considered professional judgment.

Justin Draeger:

David, any other elements of the cost of attendance schools should be aware of?

David Tolman:

Well, just in general, in using fees, we get a lot of questions about what types of fees can be added. In general, if a fee is required and it's charged to all students or to a broad category of students with an aligning category within your COA, you can add it. So for example, a lab fee, students in a certain major all have the same lab fee, but not all students have that major. So you can't add that lab fee to every student. But if you have a separate category of students who are in this major and incur that lab fee, then you can, because it's applying to a broad category of students.

David Tolman:

It generally doesn't include specific to a student fees such as property damage, or we get questions about parking fines. That should not be included in the cost of attendance. It's not something that's assessed to all students, and not necessarily educationally related. But if you're dealing with these fees, again, sometimes better to add just a new category.

David Tolman:

Then also on other fees, health insurance. It can be included if it is charged to all students or assessed on the student's account, and it's not paid directly to an insurance company, then that health insurance fee can be included in the cost of attendance, even if the fee can be waived by a student who later can show proof of comparable insurance. That still means it applies. Initially, it was charged of all students.

Justin Draeger:

Thanks very much, David. People can learn more, obviously, about cost of attendance using the NASFAA resources. Obviously, check out the NASFAA website for resources, including our AskRegs knowledge base, where we have all sorts of these questions already uploaded, and people can see the answers. David, I feel like before we let you go, we have to ask the question we ask almost every month, which is, any news on R2T4? Do we have anything out of the department?

David Tolman:

That's a good question. And there is some news on Return to Title IV funds, and that's the volume five of the 2021, '22 Federal Student Aid Handbook has been released a couple of weeks ago. And the volume five contains all the information about Return to Title IV funds. And all the stuff about modules is in there now. It's still good to keep an eye on the frequently asked questions page that's updated by the department. But all the information now is consolidated into that volume.

Justin Draeger:

Great. So six months into the year, we've got our volume five. All right, Hugh, let's do a roundup. What are we hearing and seeing in the news this week?

Hugh Ferguson:

Yeah, thanks Justin. So this week, as I'm sure our members are aware, it's all about the Department of Education's negotiated rulemaking committee. By this time, listeners will have had three days worth of recaps that we've put together for subscribers that they can catch up on from the institutional and programmatic eligibility committee. We will also be following along with Friday's session. So be sure to keep a lookout for that recap and more details on the process.

Justin Draeger:

Yeah, just as a reminder, they're doing things like gainful employment, financial capability standards. So a lot to catch up on there. What else is going on, Hugh?

Hugh Ferguson:

Yeah. Listeners should also be on the lookout for this new report that NASFAA's done with the National Association for College Admissions Counseling, NACAC for short. It offers recommendations and a framework for equity in college admission and financial aid. It's a very detailed report. And I'll be sure to include a link in the show notes.

Justin Draeger:

Fantastic. We were very excited to be able to get this grant and work with our colleagues over at NACAC on this on re-imagining, with an equity mindset, the admissions and financial aid processes. What else?

Hugh Ferguson:

Yeah. And then just lastly, this week we have a smattering of articles concerning the student loan portfolio, and also a new report that details a continued steep decline in higher education enrollments, since the onset of the pandemic. I'll have those linked also in the show notes. And members should be on the lookout for a lot of higher ed news that just does not stop coming.

Justin Draeger:

That's right. One thing I want to mention, sort of breaking news in Today's News. On Friday, the Consumer Finance Protection Bureau, the CFPB, has announced that they're going to be examining colleges' in-house lending practices. And reading that, you might think, well, one, given the administration and their focus, is this going to be directed solely at for-profits? And I would say they mentioned for-profits here, but I think this could be much broader than that, particularly when you look at the specifics of what the CFPB wants to take a look at.

Justin Draeger:

They want to look at schools that are placing any enrollment restrictions on students who don't make institutional payments on time. They're looking at withholding transcript policies, schools that withhold transcripts if there are outstanding balances at the institution, or unpaid tuition plans. They're looking at schools that fail to issue refunds properly if a student withdraws. And then finally, they're looking once again at improper lending relationships. So if a school is in a preferred lender arrangement, they would want to probably reexamine that to make sure that they are in keeping with the spirit and letter of the law. So, folks can learn more about that by checking out Today's News in our show notes. All right, Hugh, thanks very much. And thank you to everybody for joining us for another edition of Off The Cuff. Remember to subscribe, tell a friend. And we will see you again very soon.

Speaker 1: