OTC Inside the Beltway: Congress' Packed Agenda and What It Means for Higher Ed

Speaker 1:

Financial aid offices are facing staffing shortages across the country due to increased turnover caused at least in part by burnout amid the pandemic, an aging workforce, and several other factors leading schools struggling to compete for skilled workers in a highly competitive job market. The succession planning pathway at NASPA's 2022 Leadership and Legislative Conference and Expo next month in Washington, DC is designed to help your office prepare for the future. Learn more about the conference, the safety measures being taken, and register today at nasfa.org/leadership.

Justin Draeger:

Hey everyone. Welcome to another addition of Off the Cuff. I'm Justin Draeger.

Karen McCarthy:

I'm Karen McCarthy from NASFAA's Policy and Federal Relations Team.

Jon Fansmith:

And I am Jon Fansmith, professional podcaster and Assistant Vice President for Government Relations at the American Council and Education.

Justin Draeger:

Whoa, rebrand by Jon. Way to go, Jon.

Karen McCarthy:

Yeah.

Justin Draeger:

Are you waiting for the op? Are you represented? Do you have an agent now or what's happening?

Jon Fansmith:

It's all about brand management, right? I got to advance my individual brand.

Justin Draeger:

Jon, let me ask you a serious question. Well, first welcome back to the podcast. But two, be legit. How many compliments have you received based on your NASFAA Off the Cuff appearances?

Jon Fansmith:

Excluding the people on the podcast with me?

Justin Draeger:

Yeah, excluding us. Not many.

Jon Fansmith:

I would say actually probably more that I get from my own podcast.

Justin Draeger:

Okay.

Karen McCarthy:

Oh.

Jon Fansmith:

So in the nature of eight or 10.

Justin Draeger:

Okay.

Jon Fansmith:

People have reached out to say, "Yeah."

Justin Draeger:

I'll take that. That's good.

Karen McCarthy:

Hey, I have a question though, Jon.

Jon Fansmith:

Yeah.

Karen McCarthy:

Who is offering these compliments? Are they our members? Are there a lot of ACE members? Are they your people or our people?

Jon Fansmith:

So it's sort of a split, right? There's actually been some of your staff, but mostly people I know in various contexts reached out to say, "Oh, I heard this and you were really good on that."

Justin Draeger:

Oh, great. I'm glad you care.

Jon Fansmith:

Less members, honestly. More D.C. people.

Karen McCarthy:

Yeah.

Justin Draeger:

Yeah. Okay, that's fair. Yesterday I was in a presentation. It was a virtual one in Indiana. My schedule was such that I couldn't actually get there. At the end of the session, you wrap up the session. And someone from the back of the room was like... I'm still on. I can hear them talking as I'm logging off. And someone from the back of the room was like, "Well, that was a lot better than I expected." And then the moderator of the session who also hadn't moved away from the computer was like, "Yeah, I'll plus one that." And I was like, "Well, I'll take the compliment. I mean, I'll take what I can get."

Jon Fansmith:

Were you on a panel or was it just you?

Justin Draeger:

It was just me.

Jon Fansmith:

I'm sorry. I was looking for a silver lining there.

Justin Draeger:

Right. It was backhand, but I'm desperate. I'll take it.

Jon Fansmith:

Good.

Justin Draeger:

So I put it in my journal.

Jon Fansmith:

You're outperforming expectations. Right?

Justin Draeger:

Right.

Jon Fansmith:

We should all be doing so well.

Justin Draeger:

Right, setting low expectations and then beating them is sort of my specialty.

Karen McCarthy:

Maybe it was all just because it was virtual. People are kind of down on the virtual presentations and over it. And so they were expecting... Yeah. Yeah. I can see you looking at me like, "Yeah."

Justin Draeger:

I like where you're going with this, Karen.

Karen McCarthy:

Yeah.

Jon Fansmith:

Sure, absolutely.

Justin Draeger:

Yeah. That's it. I like that line of reasoning.

Karen McCarthy:

Yeah.

Justin Draeger:

The other thing I just, I think I told you, that my daughter's a senior, so she's trying to decide where to go to college. So we are getting all of our kids in high school all of their college admissions marketing emails. And I was wondering like, "Why am I getting all of these?" And so I just found out this last week that when my daughter and son took the SAT, and I guess there's a question on there. It's like, "Do you want to receive information from colleges and universities?" They said, yes. And then it says, "What email would you like to use?" They put in our email.

Karen McCarthy:

Oh. [crosstalk 00:04:08]

Jon Fansmith:

Smart kids, smart kids.

Justin Draeger:

They're outsourcing to us.

Jon Fansmith:

Right.

Justin Draeger:

I've become my kids' executive assistant.

Karen McCarthy:

Was that sincere? Or were they like, "Oh, dad's going to love this."

Justin Draeger:

No. No, I don't think they were that sinister, which would've been funnier. I think it was sort of like, "Well, I don't want to receive this crap. So logically I'll just send it to mom and dad."

Jon Fansmith:

Well, you are a college guy, right? I mean, if anyone should know about this stuff in the family, right? You are the expert.

Justin Draeger:

It is giving me quite an education on some of the marketing materials that our members use. Some of them are very much like, "This needs to be opened today."

Karen McCarthy:

Yeah.

Justin Draeger:

Or, "Check this out immediately." And I open it and it's just som nonsense, admissions marketing stuff. But I did open it, so I guess they won. I don't know.

Karen McCarthy:

Yeah. I have a little story kind of related. My daughter's only a sophomore and she just took the PSAT. And so now all the mail has started. And she's been getting all these emails, which she told me about. And I said, "You know what, Nina?" I'm kind of cynical. I was like, "Just scroll to the bottom. There should be an unsubscribe there at the bottom so you stop getting all that junk." And she said she wants to keep it because it makes her feel nice. She was like, "Somebody wants me." And I was like, "Oh, unsubscribe. You don't want all that junk." Yeah.

Jon Fansmith:

But you unsubscribe and then it's demonstrated non-interest right. So when she comes back to apply, that's going to be a check against her. You got to play the game, Karen.

Karen McCarthy:

Yeah, I know.

Justin Draeger:

Yeah, really. That's right.

Karen McCarthy:

I'm just like, "Who wants that?"

Justin Draeger:

You want to be more aloof.

Karen McCarthy:

Yeah.

Justin Draeger:

More aloof.

Jon Fansmith:

Hard to get, yeah.

Justin Draeger:

What I'm most intrigued by that story is that your daughter who's a sophomore actually opens her email, because my kids absolutely do not check email at all. Zero, no email for them.

Karen McCarthy:

She does occasionally. Although, my husband and I just talked about this because he forwarded something that was kind of important to both of our emails, me and my daughter. And I got it right away, she did not see it. And he was like, "Why didn't she see that?" I said, "Because you emailed it to her. You need to text it to her if you want her to see it."

Justin Draeger:

Right.

Karen McCarthy:

Yeah.

Justin Draeger:

Well, my son who's working now, his employer only contacts him through email, which he never opens. But I get a copy of it because his email's forward to mine, as his assistant. And so now when his employer emails him, I have to text him and say, "Your employer emailed you." So yeah. I'm fully employed. I've got two full time jobs now.

Jon Fansmith:

That's very impressive.

Justin Draeger:

One's paid and one's unpaid, but okay. Well we got a lot to talk about today. I want to talk a little bit about the congressional calendar. We've only got so many months left in the year for actual legislation to happen. Jon, I want to talk a little bit about that. There's some stuff coming out of labor. Some rumblings that I think we probably ought to talk about, because it'll be of interest to our financial aid administrators, as it relates to exempt versus non-exempt status. Karen, we've got some news on Pell schedules and some new legislation. So let's jump right in.

Justin Draeger:

Jon, I want to ask you. We talked about our predictions last month on the podcast for what might happen this year. But I was just looking at the congressional calendar. Give us a sense of what all does Congress have to deal with, really. The urgent and important stuff, and whether you think that'll crowd out meaningful, higher ed legislation.

Jon Fansmith:

Yeah. I mean, there's very few things they have to do. And even those few things, they don't really have to do them, right? I mean the big one is fund the government. If you don't fund the government, the government shuts down, chaos ensues, whatever. The CR deadline expires February 18th. They have to come up with theoretically funding bills to do that. But increasingly, there seems to be progress among appropriators, but realistically, there's a lot of people that be perfectly happy particularly on the Republican side with the year long CR. If they can't get agreement, that's the likely outcome. You still have to have a vote to do that, but ultimately that's not taking any action whatsoever.

Jon Fansmith:

Beyond that, other than things that are emergencies that are coming up. And I think, you look at the world spectrum, there's a lot happening there. They're trying to do a sanctions bill against Russia because of Ukraine. That's kind of the emergency thing that they're going to do. But even then, they've been working on it all week. It was supposed to be urgent. They're going to recess this week and come back next week and work on it some more.

Jon Fansmith:

There are a lot of big things floating around, but you talk about the congressional calendar, Justin I think the biggest thing is we're in an election year. And in election years, Congress tends to grind to a halt mid summer, sometimes early summer. This is a particularly important election because first term of a new administration, margins incredibly tight in both chambers. There's going to be a lot more attention paid to that this year than in even other years. So it's a really compressed threshold for doing things. The things that they're going to do are going to have to rise to a pretty big level. Keep in mind, we still have to nominate and confirm a

Supreme Court justice to replace the Supreme Court Justice Breyer, who announced his resignation. He hasn't actually resigned, but he's announced his resignation.

Justin Draeger:

Well, so there's one thing. I thought it was kind of funny when justice Breyer announced that he was retiring, Senate majority leader Schumer came out and said, "We are going to move on this very quickly." And this was, I don't know, third or fourth week in January. And then, when I saw later in the article the very quickly part, he was predicting by the end of February or 1st of March. I think in the private sector. When you say very quickly, you don't assume that's five to six weeks out, but in the Senate that really would be very quickly.

Jon Fansmith:

Light speed, yeah.

Justin Draeger:

Yeah. And I'm not even sure that this would even happen by the end of February. It's probably more likely going to drag into March or April. That alone will take up at least the Senate calendar as it has to. They'll push for hearings. Then there might be multiple rounds, I don't know, could be multiple rounds of hearings. Then there'll be time in between the hearing and the floor vote, so that alone will take up a lot of space.

Jon Fansmith:

Yeah. No, I mean, if you think about everything that goes into a Supreme Court justice, the nomination process, the vetting before you even name them, the political considerations about there are different parts of your base that care very much about certain candidates. So deciding where you're going to go to do that. All of the... Even once a person's been nominated, there's always this sort question, "Well, why don't they just do the hearing?" It's because the candidate is being shepherded. The nominee is being shepherded around the Senate to meet with every Senator and talk and discuss their views to identify where the fault lines might be, make sure they're acceptable, make sure, frankly, there's enough votes to put them over the threshold. It takes time to do these things right. And there's nothing worse, obviously, nothing more embarrassing than putting a nominee forward who then doesn't make it through. That's a real blow to the administration right now that really can't afford another big public blow.

Justin Draeger:

Right. And on both sides, your progressive side and your conservative side, or supporters or opposition, or skeptics maybe, they're both putting together different dossiers on the candidates and then the final candidate so that they can try to drill into areas where they think there might be issues or support. So that'll take time.

Justin Draeger:

I guess the other big question is, I look back over the last six months. If I were to rewind time back to September, October, maybe, not maybe, very naively I thought there was a really good chance that we would have an increase to Pell. Appropriations was going that way. We had Build Back Better, which was going that way. Now I didn't know exactly how big the final increase would be. But now six months later, I'm thinking we might have no increase. If we just have a CR through the end of the year, we could have no increase. And that's a pretty wild swing when you consider that we were talking about somewhere around $500 to $900 in extra Pell.

Jon Fansmith:

Yeah. No, it's frustrating in a lot of ways because it did, like you were saying. In September, you would've said $950 increase, largest single year increase since the program was created was not just on the table, but likely to occur. Now you're looking at Build Back Better fell apart. That's $550 that increase right there, no clear path for another reconciliation bill that might address that going forward.

Jon Fansmith:

And then the $400 increase through appropriations, again, generally appropriators are pretty supportive of the Pell Grant, Republicans, Democrats alike. It was $400 in house, $400 in the Senate. That seemed pretty set. It's in line with program costs and things that they can do under their budget. That seemed pretty, pretty good. But Labor HHS, the bill that funds the programs that the Department of Education is under, that's always the most controversial bill, always has strong Republican opposition. In this environment where policy riders around the appropriations bills are one of the biggest factors and whether anything will be done, it may just be easier to hold bills like Labor H and CR them throughout the end of the year. It's fine. It gets funding to the department. But not fine, all those increases that were on the table don't happen. So you're right. I think you could look at a thousand dollars to $0 increase in Pell swing in a three month time, four month time.

Justin Draeger:

Build Back Better that you just mentioned with the $550 increase seems to be on life support. What's interesting is I follow congressional Democrats who are talking about aspects of Build Back Better. And they're talking a lot about the child tax credit. They talk about climate change a lot. President Biden has talked about trying to resurrect free community college. Didn't mention Pell, but I don't hear a lot about higher ed from congressional Democrats. So if it's piecemeal, what do you think the odds are that we would see anything higher education related in there?

Jon Fansmith:

It's hard to guess. I think free community college isn't going to make it in. I know Secretary Cardona just said yesterday that's a priority of theirs, going to try and bring it back. The president has spoken to that. It got tossed back when they still thought they had agreement from Senator Manchin on the package. And he's not supportive, right. They also worried that might draw the kind of opposition from moderate Democrats in the House that could hurt the bill. So I don't see that coming back in. That's also expensive, right?

Justin Draeger:

Yeah.

Jon Fansmith:

So you do that, you have to put a lot money behind it. Whatever they're talking about for the next bill, it's going to be smaller in some form or other, either requires bigger offsets or spends less money. And then you look at the things. I think you summarize it pretty well. There's certain things that people talk about as priorities, education generally isn't part of that. Pre-K is up there. The child tax credit, Manchin opposes. I think that's probably off the table for the next round. Climate change, particularly as it relates to job training and fueling new industries, supports new industries, those big picture campaign issue items where you can point to it and say, "We did X." Yeah, that's what they're going to debate about. The stuff that was there, the $22 billion for higher education that was in Build Back Better, it's kind of small potatoes relative to these other things.

Justin Draeger:

Yeah.

Jon Fansmith:

You don't have a free college plan in there. You don't. An increase in Pell is great, but it's harder to message, "We increases Pell grants by $550" versus "We provided universal pre-K."

Justin Draeger:

Right.

Jon Fansmith:

That's just politically, if you're trying to make, and this is at this point, because we're heading to an election, a political discussion, not necessarily a policy discussion.

Justin Draeger:

Yep.

Jon Fansmith:

You want the big hitters.

Justin Draeger:

Yep. Okay. All right. Thanks Jon. Let's keep moving here for just a second. I want to talk a little bit about some action and rumblings we're hearing out of the Department of Labor that would impact potentially the salaries of financial aid administrators, along with a lot of folks on campus. Jon, you want to catch us up in what ACE's doing here?

Jon Fansmith:

Yeah. And this is a somewhat complicated issue and one that I'm very happy my colleague, Steven Bloom at ACE manages, so that I don't have to. But it's got a lot of impact on campuses, right. And I think you'll talk a little bit about this too, but essentially this is the federal government's rule as to who gets overtime. It's who's an exempt employee and who's a non-exempt employee from the overtime roles. And from 2004 until basically 2014, it had stayed at a threshold of about $23,000, $24,000. If your salary was below that level, you were eligible to receive overtime. If your salary was above that level and a few other conditions related to what your job functions were, you wouldn't. You weren't eligible to receive overtime, or at least the institution wasn't obligated to provide it for you.

Jon Fansmith:

The Obama administration in 2014, proposed raising that pretty significantly. They did ultimately push it up, or they proposed initially, about $47,000. They ultimately agreed bout $36,000 would be the new threshold. That took effect January of 2020, beginning of 2020. As I mentioned, 2004 to 2014, the proposal went into effect in 2020. These things have tended to happen over big chunks of time. I think the average was five or seven years every time they would update the amount. The Department of Labor put out a notice essentially saying, "We're going to look at this again. We are looking at doing something for 2026, so six years away." And the numbers you have heard, this is the beginning of the process. It's not like they've said this, but the numbers they're talking about are over $80,000. So you're jumping from $24,000 to $35,000 to $80,000.

Jon Fansmith:

$80,000 is more than the median family income. It's a substantial jump in the salary. And everyone below that threshold then becomes eligible for additional money, additional benefits, things like that. It becomes incredibly expensive if, like most colleges and universities, most of your workforce probably falls below that threshold. So possible big implications for campuses.

Justin Draeger:

Yeah. And the principles behind this is, look, people should have a work week that is X amount of weeks. And if you're going to force people or require people to work more, they should be compensated more. The reality or implementation piece of this, especially when you have a number that's that high, is that it blows budgets out of the water. I mean, it could destabilize companies, not to mention colleges and universities. So there's sort of a, you don't want to throw the baby out with the bath water. And personally coming from a union home myself, I get it and support the Fair Labor Standards Act that sort of set these things. But $82,000 as a starting negotiation point is sort of fine, but I would say, not realistic. Would you agree? Or would ACE agree with that?

Jon Fansmith:

Yeah, no. I mean, we would agree with that. And we're putting together a letter, which number of organizations will sign on and support basically asking that the Department of Labor take stakeholder feedback into account. This is something, I mean, you know this as well as I do Justin, a lot of times when you're dealing with agencies, they have sort of a broad view of whoever they're regulating. The FTC will be thinking about banks when they're regulating, but colleges and universities get rolled into it. We're not their primary target so they don't tend to think about the impact on us.

Jon Fansmith:

And a big part of what we do is simply saying, "Look, we have a perspective. We're deeply impacted. We have 4 million employees across the country. It may be across 6,000 institutions, but we are big employers and there will be a big impact on the way we staff. And I think when you talk about a number like $82,000, are we setting the scale so it's fair so that people are appropriately brought under and compensate for their work? It starts to force decisions on our campus about who can we hire? Who can we retain? What positions do we staff at all? Because those costs have real implications, hundreds of millions of dollars.

Justin Draeger:

Yeah. There's also a couple other sort of maybe tangential offshoots from this that I remember during the Obama years when they were proposing these big increases, which were eventually the rule was stayed and overturned in a court. But so for example, it creates a cliff. So if you were right on the cusp of this, the school just might do the math or an employer might do the math and say, "We're just going to push you over that threshold because that would be cheaper than us going into overtime." So it doesn't necessarily solve the issue for people who are right on either side of that.

Justin Draeger:

The second thing is the other issue I remember from aid offices was that, whether it was a perception or that perception became a reality, it started to create sort of schisms within the office and the university about how people were classified and whether they were professional status staff any longer, or perceived as a downgraded position into hourly employment, which is a status. That's individual careers you're talking about. It's titles.

Justin Draeger:

So there's a couple different offshoots here. And I don't necessarily have an answer for it except to say there will be impacts. So this will be something people will want to think about. And obviously NASFAA is working with ACE and we'll let our members know as this moves forwards. Next steps are what? There's an NPRM that comes out of labor, and then from there we offer comment and then they issue a final rule?

Jon Fansmith:

Yes, that seems to be the process. We would hope that they would do a negotiated rule making process, but that's very common at Department of Ed, far less common at other agencies. So we shall see.

Karen McCarthy:

Jon, Hey, I have a question. On the 2026, is the idea that would be the first effective date or was there any incremental increases until 2026? Or nothing would happen, be effective until 2026, and then there would just be this theoretically large jump in 2026?

Jon Fansmith:

So my understanding, and I'm happy to be corrected by somebody who may know more, but is that it's a cliff. They set a new level. You meet the new level. There's no phase into that. It gives institutions or other employers time.

Karen McCarthy:

Yeah.

Jon Fansmith:

To see that's coming. I mean, they know what it is, but as of January 1st, the level is the level.

Karen McCarthy:

Okay. And when that cliff will be, they're talking about 2026.

Jon Fansmith:

Yep.

Karen McCarthy:

Okay.

Jon Fansmith:

Which if you think about it, if you go 2014 to 2020, and 2020 to 2026, it's sort of the same schedule as what they envisioned back in the Obama administration. Yeah.

Justin Draeger:

Karen, let's turn to you. We've got some higher ed legislation that's getting introduced on Capitol Hill. Why don't you walk us through a couple of the bills?

Karen McCarthy:

Yeah. We had a little flurry of legislation that was introduced that NASFAA was able to support. The first bill was the Student Loan Rehabilitation and Credit Score Improvement Act. And the idea here is that when student, defaulted, borrowers, go through the loan rehabilitation process, right now, what happens is when they complete the rehabilitation, they come out of default. And the default itself is removed from their credit history. But what doesn't happen, what remains in their credit history, are all of the delinquent payments that led to them going into default in the first place. So right now that stays as part of their credit history. So theoretically, their previous default can continue to have adverse consequences for that borrower, even though their loan is now in good standing.

Karen McCarthy:

And so what this bill would do would be to remove all adverse credit history from a defaulted borrower who successfully rehabilitates alone. And so a couple of things about this is that there is an argument to be made. Why would we advocate for this only for borrowers who rehab their loans. Delinquent payments stay on the credit history of any other borrower, even if they don't go into default. They stay there even if they get back into good standing. So why are we taking them off of the credit history for borrowers who do rehabilitation? And why not all borrowers who come out of default? If you pay your defaulted loan in full, why don't we take off, kind of wipe clean adverse credit history?

Karen McCarthy:

So we were able to support in that we think it's a good idea. We did encourage the office to consider other steps that they could take. And the whole idea here is to just uplift the conversation about default and the repercussions, the long term repercussions of default, and obviously make some changes to the default system that prevents students from going into default in the first place, but also make some changes in the system to make it a little bit easier for borrowers to come out of default and get back into successful repayment. And not have these really long term adverse consequences, especially after they've resolved their default.

Justin Draeger:

Right. I think this makes a lot of sense, something that we would support. In fact, we're doing a whole report, Karen, that should be out in the next two months sort of looking at the entire default system, which is sort of a... Not that there shouldn't be repercussions for not paying your loans necessarily, but not being so punitive in how we approach sort of those who are defaulting. Punitive, not just like, "You're punished now." But defaulting has long term and lasting impact on borrowers. And it's just sort of a relic, I think, of again, bank based lending, which a lot of direct lending was lifted right out of the Federal Family Education Loan Program. So if we were creating a new program with direct lending from scratch, I don't know that we would have all the same terms and conditions like a traditional student loan default. Okay, give us another bill.

Karen McCarthy:

Yeah. The other bill introduced is the Pell Grant Sustainability Act. And you'll remember that back in 2018, the automatic Pell inflationary add-on expired. And so we no longer get that automatic increase to the Pell grant every year. And what this bill would be do to reinstate that. And again, there are some folks who say, "Well, that's not going to be enough. We need to double the Pell Grant." Which of course, we are also advocating to double the Pell Grant. But in the meantime, this inflationary add-on, it's much smaller in terms of the whole scheme of things. But we can advocate for multiple things at the same time and hope that one of them gets some traction. So we were also able to support that legislation introduced this week.

Justin Draeger:

And I like the way you said that, because the goal here is these standalone one off bills, particularly these two, which only have Democratic support right now.

Karen McCarthy:

Right.

Justin Draeger:

But these are sort of the building blocks because one day you have a larger piece of higher ed legislation that sort of sweeps this all in. We used to call that reauthorization, but now we just call them policy riders on budget bills. But they sweep up all of these smaller bills and that's how they end up getting. So as a one-off, probably not, but we get these in place because they'll get swept up eventually into some larger legislation.

Karen McCarthy:

Yeah.

Justin Draeger:

Right. Let's turn to student loan servicing. The CFPB made some announcements in the last week or so, Karen, about sloppy student loan servicing. You want to catch us up?

Karen McCarthy:

Yeah. So the CFPB, as we know, had been in the past critical of loan servicing surrounding the PSLF program in general. We now have the temporary waiver, the PSLF waiver, which does involve loan servicers to do additional work to make sure that eligible borrowers who perhaps were not eligible in the past, get their payments recounted. There may be some new eligibility. There is quite a bit of work that loan servicers need to do to make this program successful. And CFPB has observed that they are receiving quite a lot of complaints from borrowers who are running into similar snags, I would say, with the PSLF temporary waiver, which was supposed to make this process a lot easier for borrowers. And so they put out an announcement basically saying, "Borrowers, please don't be deterred if you have sloppy loan servicing." I was really kind of surprised. I think they used the word "sloppy loan servicing" in there. So I think they've kind of fired a shot towards the loan servicers that they are onto them and they are keeping an eye on this situation.

Justin Draeger:

So there's two things that always confuse me about this sort of thing. One is not that the CFPB doesn't have a role here because they were set up to basically take complaints and protect consumers when it comes to lending products, I guess including lending products from the federal government, like direct loans. But what always surprises me is the shots are always taken at the loan servicers and not at the contract holder, which is the Department of Education. Because the servicers contend they don't get timely guidance on how to actually implement the temporary waivers from PSLF. Now I'm not in the weeds enough or work for a service or to know whether that's totally valid or not. But it does seem to me the Department of Education, I'm going back to Harry Truman where, "The buck stops here" sort of rhetoric.

Karen McCarthy:

Right.

Justin Draeger:

It never seems like it stops with the contract holder. So lots of shots taken at the servicers, but the servicers are saying, "We need more from the contract holder."

Justin Draeger:

And then the second thing that I was thinking about with this, and I published this in one of our Altitude series this last week. There was an issue brief published at Third Way, I think at the end of last year, in December, 2021, by Dr. Darolia, who is a professor of public policy at the University of Kentucky. And he went through a whole bunch of CFPB complaints. And in those complaints, he tried to categorize them. What were people complaining about when it comes to loan servicing? The number one thing people complained about were the terms and conditions of their loans, like interest capitalized interest.

Justin Draeger:

The second thing was he categorized as sort of the value of the education relative to the cost. In other words, people saying "I'm in this much debt. I only got this degree, or I didn't get this degree, or the school was terrible, or I haven't been able to get a job with this degree." All valid complaints.

Karen McCarthy:

But not a servicer-

Justin Draeger:

Both those things are valid complaints.

Karen McCarthy:

Yeah.

Justin Draeger:

None of those things actually have anything to do with the servicing. The servicers don't control either one of those things. So this is not a full throated defense of servicing, and mistake servicers make, and the settlements that they make with state attorneys general. But I am just pointing out that loan servicing, I think, is the easy way, is sort of sometimes the policy lazy way to sort of make them the scapegoat of all of our loan woes. We have a lot of loan issues. Not all of them, maybe a minority of them have to do with loan servicing. A lot of them have to do with our screwed up loan programs.

Jon Fansmith:

Yeah.

Justin Draeger:

So that's my commentary. Jon?

Jon Fansmith:

I mean, I just say it makes some sense because people are talking to the loan servicers. So when they find out the terms of their loan are not things they like, or they don't like the way those things are being handled, the person they are talking to is the person they're going to channel their energy.

Karen McCarthy:

Right.

Jon Fansmith:

I think about this. People who complain about how much their public institution costs, but never blame their legislators for not funding it to reduce the overall cost.

Karen McCarthy:

Yeah.

Jon Fansmith:

Right. They reelect the same people who are cutting support for the institution, jacking up tuition. Then they rage about how much it costs to go to college. You tend to be angry at the people you interact with, not necessarily the people responsible for the problem.

Justin Draeger:

Right. I think that's true.

Karen McCarthy:

I had a good story on that one.

Justin Draeger:

Go ahead, Karen.

Karen McCarthy:

My very first aid office job was when I was in graduate school at Ohio State University. Very, very-

Justin Draeger:

The Ohio State.

Karen McCarthy:

Yes, the Ohio State University, very obviously large student population, very big office at the time. The beginning of every semester... Well, we were on a quarters then, was a mad house. And we were in this tower. The tower's still there. The aid office is not. And the students would line up down through the stairwell. We were on the 11th floor and they would just all be lined up, lined up, lined up. And I was just a graduate assistant and would get yelled at constantly, constantly right at the beginning of the quarter. And the president at the time was Gordon Gee.

Justin Draeger:

Oh, yeah.

Karen McCarthy:

And the president would come over to shake hands and say hi to all the students in line. And they were all-

Justin Draeger:

Very, very on brand for Gordon Gee.

Karen McCarthy:

Yes. Yes. And his bow tie.

Justin Draeger:

Yeah.

Karen McCarthy:

And just very student friendly. And, "Hey, how's it going?" And they would perk up and they loved President Gee. And then they would turn around and yell at me.

Justin Draeger:

They'd say, "Oh, it's so great to see you." And then as soon as he'd leave, "And now another thing." Yeah.

Karen McCarthy:

I know, I know. And I was-

Jon Fansmith:

Something else I hate about this school.

Karen McCarthy:

Yes. I mean, and I was just a new graduate student myself. And even then I was like, "That's the guy you need to be talking to and yelling at, not me."

Justin Draeger:

Well, I think anybody working in an aid office can sort of sympathize with being sort of the front line of complaints.

Karen McCarthy:

Right.

Justin Draeger:

About how much people can borrow, how much they have borrowed, a litany, SAP policies, federal rules and regulations that aid offices don't control.

Karen McCarthy:

Right.

Justin Draeger:

R2T4.

Jon Fansmith:

The list goes on.

Justin Draeger:

So anyway, all right. Well, I think that's it. Karen and Jon, thank you very much.

Jon Fansmith:

Yep.

Justin Draeger:

Let's bring in our producer this week, and today's news reporter Owen Daugherty. Owen, what's going on in the news?

Owen Daugherty:

Yeah. We've got a few big things coming our way. As we know, student loan payments are set to resume now in May, after another extension from the Biden administration. And with that, we've got a new report from the Government Accountability Office that's got some insight into the Department of Education's plans to resume payments. The thing that's stuck out to me, I mean, there's a lot of good nuggets in there, but was kind of the information they gleaned from servicers about their staffing and where they're at. And it sounds like just about all of them are going to need to ramp up hiring in advance of May and are just expecting a real influx of communication and outreach from borrowers.

Justin Draeger:

All right. They've got a pretty monumental task in front of them. What else is going on?

Owen Daugherty:

Yeah. Last week, Education Secretary Miguel Cardona gave his keynote address laying out the priorities for the department for the upcoming year. Touched on everything pre-K through higher ed. But as far as higher ed goes, he said institutional accountability would be a big focus for the department. And also touched on what he called insurmountable debt that some borrowers have with their student loans. So it seems like that's something that the department's going to focus on and they've been touting their own loan forgiveness, something in the $15 billion range.

Justin Draeger:

Okay. And speaking of loan forgiveness, I guess there was some more news from Capitol Hill this week.

Owen Daugherty:

Exactly. Yeah. I think we're going to keep that in the news for the coming weeks, we've got the largest group of Democrats yet, over 80 signed on a letter addressed to president Joe Biden urging him to publicly release a memo that reportedly outlined his authority to cancel student debt without having to go through Congress. So this is a memo we've reported on and are on the lookout for. But now Democrats are pushing to get this released publicly.

Justin Draeger:

We talk about this memo so often, when it's actually released, I wonder if there's just going to be this big let down on what it says. Because almost every legal opinion I've ever read hedges both directions.

Owen Daugherty:

Right.

Justin Draeger:

So we'll see what happens. Thanks very much, Owen, for keeping us up to date on what's going on in student financial aid and in the news. Thank you everybody for joining us for today. Thank you for subscribing. Remember to tell a friend, let others know about the podcast. If you have a moment, send us a comment and leave us a rating. That's how other people will find this podcast if they're interested in the intersections of student aid and policy work. Have a great week, everyone.

Speaker 1:

Financial aid offices are facing staffing shortages across the country due to increased turnover, caused at least in part by burnout amid the pandemic, an aging workforce, and several other factors leaving schools struggling to compete for skilled workers in a highly competitive job market. The succession planning pathway at NASFAA's 2022 Leadership and Legislative Conference and Expo next month in Washington, D.C. Is designed to help your office prepare for the future. Learn more about the conference, the safety measures being taken, and register today at nasfa.org/leadership.