

NASFAA's "Off the Cuff" Podcast – Episode 222 Transcript

OTC Inside the Beltway: State of the Union: Does Biden's Higher Ed Agenda Have a Path Forward?

Justin Draeger:

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

Karen McCarthy:

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

Jonathan Fansmith:

And I am John Fansmith from the American Council and Education's Government Relations team.

Justin Draeger:

Welcome back, Karen and Jon. Glad to have you here. I hope you've both been well through the month of February. It's getting light early in the morning now when I leave for work. The sun is up and I just saw that this is the last time that the sun will set after 6:00 PM till next November, at least here in DC.

Karen McCarthy:

Nice.

Jonathan Fansmith:

Great.

Justin Draeger:

That is nice. There's a couple intersections here this week, I want to talk about. We're going to talk about the State of the Union. We'll talk about some of the President's College Affordability comments in there. We have a couple other things to talk about just that are swirling around DC. But the two intersections I want to talk about, Jon, and you probably haven't heard this before, but if I were to ever run for president or Republican, Democrat, Green Party, Libertarian, I would support any president that lined up with these four things, okay?

Jonathan Fansmith:

I'm very curious about this.

Karen McCarthy:

Wait, can we guess them?

Justin Draeger:

Well you'll know them cause I'm on repeat every year, around this time of year about this.

Karen McCarthy:

Yes.

Justin Draeger:

One is college affordability, that's a given. So college affordability. Two though, is I'm done with daylight savings.

Karen McCarthy:

I knew that it could be number two.

Justin Draeger:

Well, it's coming in two weeks and heart attacks go up. It's not safe to keep changing times like this. It's not safe. So two, is somebody who will change congressional law that allowed just everybody to be on daylight savings all year. That's what I want, no more.

Karen McCarthy:

I saw there was an article in the Post about this, that there is actual some legitimate movement momentum towards this.

Justin Draeger:

Yes. Well, more and more states are signing up. So Jon, where is ACE on this?

Jonathan Fansmith:

We are strongly, strongly pro daylight savings time.

Justin Draeger:

All right. Here's the third thing I want from my presidential nominee, no applause during the State of the Union. I don't want a single... They can applaud at the beginning and there can be an applause at the end but I'm tired of taking a 30 minute speech and dragging it on for 90 minutes because there's a round of applause after every stanza.

Jonathan Fansmith:

You guys, the President doesn't support that right.

Karen McCarthy:

I support that one.

Justin Draeger:

If the president could just say at the beginning, "I would like you to hold all applause until the end. This is a very..." The first European land war in 80 years, he could've just said out the gate. "This is a very somber occasion. No applause, please." And then, the speech could have been 40 minutes.

Jonathan Fansmith:

Could he also have asked not to be heckled during the speech? Well, generally certain expectations of your audience in that setting haven't been met.

Justin Draeger:

I would ask you not to be. Yeah, no heckling, no clapping. That's sort of a compromise to both sides. Then four, maybe like campaign finance reform.

Karen McCarthy:

Oh. I thought it was going to be like ties in the workplace.

Jonathan Fansmith:

Oh yeah.

Karen McCarthy:

Men wearing ties in the workplace. Yes.

Justin Draeger:

I don't think that we can look to our Congress to fix that issue. Karen, be realistic. Yeah. Let's stick to the applause and the daylight savings side.

Jonathan Fansmith:

I like the way you presented that there, Justin, let me just say, because you bookended your two sort of ludicrous positions with college affordability and campaign finances reform. So it's a nice arc of-

Justin Draeger:

Well, yeah. You're in go relations? It's all in the packaging-

Jonathan Fansmith:

Presentation.

Justin Draeger:

You slip in the two crazy things in between the two, but those are the things you really want. Anyway, state of the union, Jon, Karen, did you guys watch?

Jonathan Fansmith:

I watched parts of it. I'd already seen the text that concerned the higher ed piece. So there wasn't a lot to drama in that regard. I don't love watching live State of the Union speeches for all the reasons you just talked about, actually. The extended applause breaks, the sort of obvious partisanship, the fact that it's messaging, there's very rarely substantive aspects to it. So I checked in, saw how it was going and dropped back out.

Karen McCarthy:

Same. Same here.

Justin Draeger:

So I watched the first 20 minutes and then like you, John, it's like, whoever's got the beat on the text as soon as it's posted online, can you just paste that into our slack channel and we'll just rip through the text. Then you listen to see if he deviates from the texts at all. But then I listened to the rest as I was getting ready for bed. Here's a couple ways you can gauge the success and impact, and then we'll get into the higher ed stuff that was in there. One way is maybe by viewers, and I was looking, there were just over 38 million viewers and that included streaming services for this. Here is the interesting thing to

me about this, and I've never looked at this breakdown before, but the largest viewership by channel, what do you think it was? Which channel had the largest viewership of the State of the Union?

Jonathan Fansmith:

CBS.

Justin Draeger:

Just because network-

Jonathan Fansmith:

I'm guessing network TV, bigger reach.

Justin Draeger:

Yeah, Yeah. What about you Karen? Second leading.

Jonathan Fansmith:

I know, I know. Fox.

Justin Draeger:

It was Fox. Fox news had the largest, 7.2 million out of the 38 million viewers. I don't know what to make of that, except that maybe it's a harbinger of enthusiasm of the opposition party and because all the commentary... Well, it's hard to say because a lot of times they'll bring on their real news folks and then after the State of the Union, they bring on all the partisans. Fox news had the largest, which by viewership then I guess would be more conservative leaning folks watching the State of the Union. Although, maybe progressives are spread out amongst many channels. I don't know. The other way is by the number of meme worthy things that happen at the State of the Union. So thinking of like Chuck Schumer jumping out of his seat alone...

Jonathan Fansmith:

Beginning to clap and then sitting back down. That was a very awkward moment for anyone. Yeah.

Justin Draeger:

It's one of the things you watch and you feel awkward for them. I'm covering my eyes because it's-

Jonathan Fansmith:

It was a very like junior high school moment. I'm pretty sure there was a time at some assembly where I jumped out on my seat and looked around and saw nobody else was standing and it's like, "Clap, no? We're not doing that. Okay. All right." I back down.

Justin Draeger:

Well it's very confusing given how often they clap, but he mentioned, I think the American rescue plan. Oh, he was mentioning how ineffective the tax breaks were during the Trump administration and how much better the Biden, I think ARP and infrastructure plan was, and he just jumped up, but he was all alone. Nobody jumped up with him.

Justin Draeger:

Of course, Justice Breyer, who was, I think sincerely taken aback by the positive comments about him, which both of those will be good memes. I bring that up only because the rumor mill, like was he pushed into retirements? So they could get another... Are there any hard feelings there? But it didn't seem so. Let's go to the higher ed stuff. The president talked a little bit about higher education. Let's listen to a clip of what the president said.

Joe Biden:

We're also going to cut costs to keep the economy going strong and giving workers a fair shot, provide more training and apprenticeships, hire them based on skills, not just their degrees. Let's pass the Paycheck Fairness Act and paid leave. Raise the minimum wage to \$15 an hour and extend the child tax credit. So no one has to raise the family in poverty. Let's increase Pell Grants increase our historic support for HBCUs and invest in what Jill, our first lady who teaches full time calls America's best kept secret community colleges.

Justin Draeger:

All right, so Jon, he mentioned the Pell Grant program economic viability here. Where do you put all of this? How much stock do you put in the president State of the Union address and mentioning college affordability?

Jonathan Fansmith:

It's messaging, right? To State of the Union address is a key messaging vehicle for the administration. If you look at the transcript of the speech, there's a lot of specific things he called out. He's hitting the highlights, but I think that's actually important when you look at our world, what were the highlights to this administration? Where did they want to put the emphasis? They didn't talk about free community college. He did talk about community colleges, but they didn't raise the idea of free community colleges. Talked about investing in community colleges. What he focused on was Pell Grants and HBCUs, TCUs, minority serving institutions. A lot of the proposal language, the stuff they circulated around the speech on the... Sort of fleshed out what he would say, looked a lot like what was in the American Families Plan that the administration issued last year, at least \$2,000 to Pell tracks pretty closely with... It was like an \$1,850 request that was in that.

Jonathan Fansmith:

So it's not like any of this is new, but what's important about it was those two things were the two things they are saying, look, this is where we want to put our markers down. And we're in the process hopefully of resolving FY 22 appropriations moving into FY 23 appropriations, the president's budget request is going to come out next couple weeks, likely, this is the way... What does that mean? These are the things you're going to see front and center in higher ed for that. I think, considering how much time intention we give to both those issues, that was really positive.

Justin Draeger:

I would assume, this doesn't really change hearts and minds. The president's State of the Union address, his party will be for it. Conservative members might be opposed to it or have concerns about it. The fact that there's this limited real estate the president has in the State of the Union, higher ed makes it in. He's talking specifically about supporting minority serving institutions and the Pell Grant. You'd say that's meaningful.

Jonathan Fansmith:

Yeah. Definitely, it's meaningful. I think he could emphasize whatever he chose to emphasize, including not speaking about higher education at all, but this is an administration that cares a lot about higher education. The fact that those were the two items... And remember, Build Back Better had completion grants that originally free community college. There are a range of other proposals that this administration has asked for, some of them far more substantive in terms of funding than some of these other things. The fact that they're saying these are the two that raise to the level of being mentioned in the State of the Union, it does, it's telling about what their priorities will be as we head into this next year.

Justin Draeger:

We're in this overlapping weird period. So the president proposed increasing Pell Grants, Politico before the State of the Union had mentioned that he might talk about a certain amount, several thousand dollars increase to the Pell Grant program. He certainly talked about that in the past. How does any of this actually happen when we haven't even finished 22-23? The president's now going to release, I assume in the next few weeks, his budget proposal for 23-24. This is starting to become an entangled mess. So help us untangle this.

Jonathan Fansmith:

I don't know if I can help you untangle it. How does this happen? The first question is, does it happen? And I think that's the biggest question. I'm using at least \$2,000, that was what was in the materials the White House distributed or around the State of the Union. So president didn't mention that, but that's what their proposal is, what they're talking about. How you get there? That's a lot of money. So it's probably not going to come through appropriations, the sort of annual funding of federal programs, because that's going to take a whole lot of money out of a whole lot of other program areas, including NIH and things that have strong bipartisan support. It really has to come through some other method.

Jonathan Fansmith:

This brings us back to Build Back Better. Build Back Better, a reconciliation bill simply required democratic majorities in both chambers. That was the pathway to spend money because Republicans don't want to spend anymore money. So can you do it? You can, there's that path, but it has to be... It's not going to be bipartisan, they're running out of time in an election year to do something.

Jonathan Fansmith:

Build Back Better, I don't know if people saw, but Senator Manchin spoke this week about what would be acceptable to him in a reconciliation bill. What he said was essentially use half of it for deficit reduction and to reduce inflation, use the other half for things, particularly, around climate, but make sure the entire thing is fully paid for if not more than offset. If that's what he will agree to, that's a really narrow pathway forward and it doesn't include 30 or 40 or 50 billion per Pell and six or 10 billion dollars for minority serving institutions. It's just really hard to see how the administration gets their requests put forward. Even if both those Pell and supporting minority serving institutions are pretty bipartisan popular in Congress, it's just the amount of money you take in the avenues to take it are very limited. The likelihood of them actually getting it, I'd say pretty nominal.

Justin Draeger:

Senator Manchin hopes springs eternal that he can get some Republicans peeled off to support a reconciliation bill. I'm not sure I see Republicans supporting any reconciliation bill. Then when you're

talking about deficit reduction, I'm not sure you get any progressive members of the democratic party to support the bill. It almost seems dead on arrival. Meanwhile, Congress is like leaving town today, they're flying out. The government's funded for what another week or two-

Jonathan Fansmith:

Next Friday. Yeah.

Justin Draeger:

What do we see? Okay. So another week. What do we have, another continuing resolution?

Jonathan Fansmith:

I love this because you get the... This is in Washington also say remarkable, the ability of the appropriators in leadership to keep a lot of this process secret is really unprecedented, at least in my time here. The fact that we don't know numbers at this stage, where they've apparently reached agreement on the top lines. You see these very vague reports about somebody will say, "Well, the defense budget's going to be better than we expected," or something like that, but you don't see the numbers and you always see the numbers. People leak, people love leaking. The report today is that they think they will hit their target, which is have legislative text available over the weekend with a house vote on Tuesday, which gets it to the Senate with time to pass it before the deadline expires.

Jonathan Fansmith:

That said, all the rumors and the things unspoken in the four corners of the appropriations committee's statements is, there's still some policy things that we haven't quite worked out. In a normal Congress you could say, "Well, you can lose two or three people on the policy votes." People come to you and tell you, "I can't support it if it includes X or I can't support it, unless it doesn't include X." They don't really have those margins. So have to be sure that everybody's on board or at least managed to a degree that they can get the vote through. It will be a tough vote for a lot of Republicans, particularly in the Senate heading into an election because it spends a lot of money they're going to increase both levels. Normally you could point to say, "Well, I strengthened our national defense," but there's going to be a big non defense bump too. That as Republicans are going in on fiscal conservatism for the election cycle, spending big isn't necessarily the message you want to carry back home.

Justin Draeger:

Yeah. As more and more redistricting happens, it shores up the incumbents, which are already like at 90% success rates, Republicans are more concerned about primaries than they are general elections anymore. If somebody comes in from your right and says, this guy's spend thrift doesn't bode well for your chances in the primary, especially since President Trump and the establishment are still sort of in a shadow war during this next primary. So Jon, does this appropriations, I got to ask, if it goes as planned do we know if there's an increase to the Pell Grant program? Is it the \$400 we've been talking about?

Jonathan Fansmith:

We don't know. I just said, surprisingly few leaks in this process, but both the house and the Senate bills, similarly, the Senate bill was the democratic bill was not a bipartisan bill, had a \$400 increase. I would expect, we'd see that maybe even a little bit more. Justin and Karen, you guys know this very well, but some of the intricacies of the budget processes they can and often have in the last few years paid for increases to Pell without actually spending any more money. It's way too complicated to go into how the

federal budgeting process works in that regard. Every year, so long as Pell costs aren't skyrocketing, actually have a little bit of leeway to make increases without having to commit actual dollars to it.

Jonathan Fansmith:

I think 400 looks like a safe range for where they could do that. If their non-defense increase is substantive enough, maybe there's more money there, but it's probably not going to get to the levels that we were talking about before, around a thousand, maybe 500, maybe 550. Maybe they could push it that high. I think 400 is a safe floor. If there's anything more, I think we'd be happy to see it.

Justin Draeger:

Okay. Well, hope Springs eternal, going back to the State of the Union for a moment, Karen, President Biden also talked about the national emergency and this was in the context of providing testing and on-the-spot antiviral treatments as needed and being a little bit more responsive to COVID as it waxes and wanes. But I'm curious, the president's extension of the national emergency, what are the implications here for higher ed? And more specifically, the question I get at every single conference is how long will I have the flexibilities that we've been given since the beginning of COVID-19?

Karen McCarthy:

Yeah. So when he did extend the national emergency, that was really significant for our purposes. When we talk about communications, the reason why we care is that so many of the flexibilities and the waivers that our members are utilizing right now are hinged to the date when that national emergency ends. So some of them end the payment period, the end of the payment period in which the national emergency ends. Some go a little bit longer, but it's all... Once national emergency ends, then things start to wind down. So the exact deadlines, and when we lose some of those, the ed put out attached to their announcement that they released in January of 2021. There's a big chart that explains the deadlines for everything. When he extended that we also, Justin I don't know if you're getting this question as well, is that he... In the announcement, it didn't specify an end date of the national emergency, which is the question that I'm getting now.

Karen McCarthy:

I can see that he extended it, but it didn't say until when. And the reason why the president didn't say until when is that there's already a National Emergencies Act that dictates how this all works. In the National Emergencies Act, it says the extension is automatically for a year, unless the president decides that it will end sooner. So he just extended it with the blanket one year, which is what we have right now. So he does have the authority to end it earlier, but he would actually have to take some action to do that.

Justin Draeger:

In all likelihood, I would say the earliest that they would start to lose flexibility, is moving funds freely between federal work study and SEOG would be after the winter, spring 23 term. Because if it extends one year, we'd be looking at next spring and then it's the end of that payment.

Karen McCarthy:

For some of the flexibilities, some of them actually go longer. Some of the things that are more like academic year, the community service waiver. That's an annual thing, so that doesn't end at the end of a

payment period. It just doesn't make any sense. But yeah, it would be a year from now, unless something happens.

Justin Draeger:

Now, the other thing that interacts with all this is borrowers entering repayment. That's totally separate. This is not tied necessarily. The repayment date's not automatically extended because of the national emergency extension.

Karen McCarthy:

Right. Yeah. Separate in that way.

Jonathan Fansmith:

But their authority to extend the repayment pause, is part of the national emergency. So without one, you couldn't do the other.

Karen McCarthy:

Yeah. They do get additional powers while we're under the national emergency, I guess is... I think that's what you're saying, right Jon?

Jonathan Fansmith:

Yes. Right. If there was no more national emergency, they couldn't keep doing repayment pause basically. Yes.

Justin Draeger:

I think the continuation of the emergencies though, I think this is the plot of star wars, but I don't want to get into all of that. At some point... Because remember he was a senator and then he just declared an emergency forever and then he became the emperor.

Jonathan Fansmith:

These are the middle three movies. I don't really remember those movies. I'll just say you're probably right.

Justin Draeger:

Take my word for it. My point is that we haven't heard anything about the repay... The last time the repayment pause was ending, it was like messages all the time. It was like, we're gearing up. Now we're about seven weeks out and I know it's there but I'm not hearing the same amount of gear up. In fact, Karen, there was an announcement this last week from the Department of Education that seemed a little counterintuitive to me about public service loan forgiveness, or at least the waiver. You want to catch yourself there?

Karen McCarthy:

Also, I was a little puzzled by that as well that apparently FSA had... Is being inundated with borrowers who are checking in with their servicers to find out about when will my payment count be recalculated? When am I going to hear, I think I'm eligible for this waiver and the people in the situations where they're just waiting on the department to do something. The announcement from FSA was basically like,

"Don't call us, we'll call you." We're working on us, we're working on it, give us a little room so that we can do these recalculations, which does seem completely counterintuitive to everything that we've ever told borrowers to do in terms of-

Justin Draeger:

Right. Which is like contact your services.

Karen McCarthy:

If you have questions, you need help reach... Yeah. Yeah. This was definitely like, a don't contact your servicer message.

Jonathan Fansmith:

Well, didn't CFPB just put something out too, that they're essentially saying, we're aware that servicers are giving the wrong information about the waiver. So we're standing vigilant to, and in fact, encouraging people, if you were told you didn't qualify to actually contact your servicer and say, "I'm aware of the waiver provisions, you need to consider me under that because they said that servicers were not telling borrowers when they call."

Karen McCarthy:

Yeah. Which is-

Jonathan Fansmith:

Ed is saying don't call, CFPB saying definitely call.

Karen McCarthy:

Yeah.

Justin Draeger:

This whole thing is mind boggling to me because both the CFPB and the Department of Education and which a federal student aid is a part of are all part of the administration. It would be like, if my spouse and I, if I hired a company to come do a remodel, and then my wife was like, "I'm notifying you that I will be doing oversight on the company that you hired to do this remodel." This is the same household. You're not going to audit me. I find the whole thing, a little mind boggling but yes, John, so the CFPBs upset because servicers aren't being communicative enough, meanwhile, FSA saying, don't call us we're working on it. Which is also, I'm sure very stress inducing because this temporary waiver expires-

Karen McCarthy:

In October.

Jonathan Fansmith:

End of October.

Justin Draeger:

In October, if it's not extended.

Karen McCarthy:

The other thing with the circular nature of it, part of the justification for providing the waiver in the first place was that there was an outcry from borrowers that they weren't given accurate information about what they needed to do to qualify for PSLF. So we have this waiver, and now the CFPB is saying the servicers still aren't giving accurate information. The whole reason we have the waiver is partly because of this complaint and yet the complaint persists. Yeah.

Justin Draeger:

Yeah. Well, we're not a servicer and ACE's probably not getting into the servicing business either.

Jonathan Fansmith:

We do a lot of things but not that.

Justin Draeger:

Okay. Let's switch gears just a little bit here. I want to go back to negotiated rule making, something we've been talking about on the podcast. Jon, when you haven't been here, we've sort of been running through some of the rules and regulations. One piece in particular that I got a question on at our leadership conference last month was about what the department's thinking of doing with sort of withholding of transcripts. This harkens back to some of the pushes from the Department of Education from Secretary Cardona himself, who spoke at the FSA virtual conference this last December, let's listen to a clip here of what he said.

Secretary Cardona:

More must be done to recover from the damage caused by COVID-19. To emerge from the pandemic even stronger, institutional leaders must embrace long term change. That means greater investments in evidence based wraparound services that help students succeed at higher rates. It means evaluating longstanding institutional policies that block retention and completion for our most underserved students, such as enrollment and transcript holds for students with unpaid balances.

Justin Draeger:

So John, maybe you can catch us up a little bit here. I know ACE has been partnering with some of our sister associations on this whole issue of unpaid balances and withholding transcripts and how this is coming up in negotiated rule making and where we might go from here.

Jonathan Fansmith:

Yeah. It's coming up in lots of places, not just negotiated rule making. There was a hearing, sort of uncharacteristically, in the House Oversight and Government Reform Committee last fall, not in the Education Labor Committee where you traditionally assume something on this, about this practice institutions, withholding transcripts based on financial holds or other things on student records.

Jonathan Fansmith:

It is definitely something that congressional staff have been looking at and talking about for a few years now. It's mostly, this is one of those things it's driven a lot by public comment. They hear there are people who feel very frustrated that they cannot access their academic records because of, in many cases, the complaints you hear about are for very nominal sums of money. These are not, didn't pay

tuition for a year or something like that. I think there's a lot of interest in looking more deeply into this issue.

Jonathan Fansmith:

ACE and our colleague associations, ACRO and the NACUBO, these are the registrars and business officers on campuses. I know we've been talking a lot to folks, obviously with you guys too about, take a look. If you're an institution, take a look at your policies, look at them very closely. If you are withholding transcripts or access to transcripts because of these nominal sums of money, think about what that's costing you in terms of like the secretary mentioned, retaining your own students, have you set up a process where you're actively disincentivizing people to come back over \$50 or a \$100.

Jonathan Fansmith:

There's other sides to this that we're all aware of that, having those holds in some ways allows students... Allows the campus to have a point of contact with a student or a former student where otherwise they wouldn't. It's something shy of sending that account to a collections agency, which especially for, you tend to assume this predominates among low income students, having a credit notification on file, having a consumer credit company coming after you, that's a... In many ways, much bigger financial impact on you than not having access to your transcript.

Jonathan Fansmith:

So there's probably a healthy middle ground in here, but a lot of the heat, as you point out, that the negotiated rule making is to bar the practice entirely. That was one of the proposals. So I don't know that people right now are talking much about the middle ground, but hopefully an understanding from both sides is where we will be going in the policy space.

Justin Draeger:

Yeah. Sometimes it's hard to flesh out from all of this, whether this is political pressure that really doesn't have legs, because I do wonder, what is the department's regulatory authority or legislative authority, I should say, to tell a school, they can't collect a fee that's charged. A legitimate tuition fee or a registration fee or some other fee that's been assessed to the student. On the other hand, from the school standpoint, as you point out, let's try to show mercy whenever we can. And in some instances, I think from a school's perspective, they might say, "Hey, look, we could just prevent students from enrolling. We don't do that. So the only final leverage we have is on transcript withholding."

Justin Draeger:

There's an interesting experiment being run out of Ohio and Hugh, maybe we can link to this in the show notes, was featured in Inside Higher Ed in the last few months. It showed that this is privately grant funded, but they were helping schools do the math about... And it was community colleges. So to your point, John, the types of students that are enrolling there sometimes historically marginalized populations.

Justin Draeger:

They were showing that the cost of sending an account to collections, there's a cost to that. A lot of times that cost is born by the school. If you differentiate between there it's penny wise and pound foolish, instead of sending it collections, can you write off a big chunk of it. Still collect some amount from the student and everybody can walk away, the student can continue to progress, the school can

walk away without having to go through the process and cost of collection. Hopefully everybody can be in a better place. As you point out, I don't know where it'll end up in negotiated rule making. Weren't they trying to put it in the PPA?

Jonathan Fansmith:

Yeah, it was going to be attached to the P... Which that could be a whole other conversation about ideas for being included in the PPA, across the policy spectrum is... But to cycle back because of that, your point about where is the authority? Well, there is no statutory language about what's in the PPA that would include this specifically. You're stretching a lot to say this is something that would fall within that. It's not entirely clear, but we've talked about this before, there's a lot of things the department's doing right now where they're statutory or authorities, maybe a little tenuous, but since Congress can't resolve to act in any way, it's just sort of a clear field for them to pursue the policies they're interested in.

Justin Draeger:

Yeah. It's sort of legal until it's challenged and struck down at that point by a court possibly.

Jonathan Fansmith:

And who's going to Sue on that case?. So,

Karen McCarthy:

Hey Justin, I just wanted to add, when you mentioned the schools' writing off the small amounts that are owed, it'll also be, I think, interesting to see the impact after schools may have taken the department up on their encouragement to use ARP funds to reimburse themselves for these small outstanding charges on student accounts. To see from some of these institutions who have chosen to do it, what... I hope that they are taking a look at it, what the impact is in terms of retention and referrals to collection and things like that to see.

Justin Draeger:

That would be from the institutional share of the HEERF funds. They could apply that to students accounts with any outstanding balance.

Karen McCarthy:

Yes. So I...

Justin Draeger:

And they don't need the student permission. They could just proactively-

Karen McCarthy:

It'll be interesting to hear, after when all is said and done from the schools who chose to do that, what happened? What did they notice? Was it helpful or not?

Justin Draeger:

Great point, Karen. All right. Thank you, Karen and John, thanks for those updates. We'll look forward to talking to you again and the not too distant future. Let's turn to our producer and reporter Hugh Ferguson this week, Hugh, what's going on in the world of higher education and financial aid.

Hugh Ferguson:

Yeah. Thanks Justin. So there's a lot going on this week as you guys have discussed. In the coming weeks, we're monitoring recent comments from FSA that you guys talked about, where Richard Cordray was discussing how, or was urging PSLF borrowers to be patient with the processing times that the agency is taking to update payment counts. We're still waiting to see what happens with the payment pause going forward. There's a lot to look out for, for the implications here and a lot of things that we're digging into on that side.

Justin Draeger:

Absolutely. We'll keep our eyes on that. Okay. What else?

Hugh Ferguson:

Yeah. Building off of Biden's State of the Union address, the House Education Labor Committee, just hosted a subcommittee hearing on Wednesday that highlighted the roles and needed investments for HSIs and MSIs. That conversation dug a little into the state of play for potential increases that could be made to the Pell Grant program. So listeners should check out that article in the show notes.

Justin Draeger:

All right. And what else? Anything else happening?

Hugh Ferguson:

Yeah. Lastly, a little bit off of the hill news, Owen has a super useful article that's highlighting what borrowers need to know about this recent Navient settlement, what they should be on the lookout for? And the terms of how the settlement is going to impact different borrowers. That article is also in the show notes for our listeners.

Justin Draeger:

So people can see sort of the terms, the conditions, how they, or the borrowers their counseling might qualify.

Hugh Ferguson:

Exactly. Yeah.

Justin Draeger:

All right. Thanks very much, Hugh. People can catch up on all of those stories in the show notes. Obviously today's news, that's coming out every day. Thanks very much Hugh, appreciate you being here. Thanks everybody for listening to the podcast. As always, we encourage you to subscribe, tell a friend, give us a rating out on your podcast platform of choice that helps other people find the podcast. And we look forward to talking to you again very soon.