NASFAA's "Off the Cuff" Podcast – Episode 242 Transcript

OTC AskRegs Experts: FAFSA Simplification and Debt Cancellation — ED's Dueling Priorities

Allie Arcese:

Justin Draeger:

Hey, everybody, welcome to another edition of Off the Cuff. I'm Justin Draeger.

Jill Desjean:

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

David Tolman:

And I'm David Tolman with Training and Regulatory Assistance.

Justin Draeger:

Welcome back, everybody. This is that time of year when there's a lot of travel going on with the NASFAA team going out to various regional and state conferences and other association meetings and conferences. I'm just getting back from two weeks of travel. One was out to the Rocky Mountain region and the other one was to the 60th Anniversary of the Midwest Association. And both were a ton of fun. Hundreds of people at each conference and great meetings. And while we were in the Rocky Mountain region, Jill, David, I think you saw, because sometimes people do humble brags and I've just given up. I'm straight up just bragging.

So I just posted this thing where my son and I, along with Brad Barnett and his son, our National Chair, we went up and hiked Mount Timpanogos, which is the second highest mountain in the Wasatch Front, which runs along the eastern edge of Utah Valley, Salt Lake Valley. And there's probably more valleys up north, David. Those are your old stomping grounds, right? Have you done Mount Timp?

David Tolman:

I have. And I actually moved there my senior year of high school. And that's when I discovered Mount Timpanogos from the backside. And it was my escape. It's a beautiful hike.

Justin Draeger:

It is gorgeous. And we were there when the leaves were changing color. And we're doing this wellness challenge on the staff. But you're only challenging yourself. You're not competing. Jill, did you know that? You're not competing against the rest of us. It's a personal challenge.

Jill Desjean:

That's what they always say, but it's a competition.

Justin Draeger:

Okay. Well, I just want to make sure, because I don't know who I was telling this to do, you and I have both run the Cherry Blossom a number of times. And we're there to support each other. But every time we run it, I have to go look and see how much you beat me by, which it was at one point, I think, a minute or two. And then the spread got so great that it was depressing and I just didn't go look anymore.

Jill Desjean:

Well, I remember when you beat me.

Justin Draeger:

Oh, did I beat you?

Jill Desjean:

Yes. One year you beat me. And it was by six seconds. And it really, it was hard. And if you had been there... I pulled up and I'm like, "I got to see how Justin did." And I saw it and I was like, "arggghhhhh" like, "Are you okay?"

Justin Draeger:

It's not a competition, but it is important to highlight when I do beat you. And so I'm glad you went and looked at that. David, you posted a picture of the last time, maybe it was the last time you hiked Mount Timpanogos. This must have been, I don't know, '90s. You had full jorts, which I thought was an odd choice to go hike a 4,500 mile mountain in. They don't breathe that well, I guess is my point.

David Tolman:

But you didn't have all those options. I wasn't going to wear spandex, which was probably my only other option at the time. I didn't try and wear sandals my first time.

Justin Draeger:

Well, as a flatlander my freshman year at college, people were like, "Let's go hype Mount Timp." And I was like, "Oh, sure, whatever." You're 18. You're like, "I can do whatever." And I wore those, they had straps, but they were strap-on sandals. We did not make it to the summit. We also started at 10:00 PM, because they wanted to see the sunrise, which is popular. A lot of people do it at Mount Timp.

David Tolman:

I've never done that, but no. So back when I did it, so I don't even know if it's a snowfield anymore, but there's a glacier. And so when you got to the summit, you hiked back down the way you came up. What we would do, and this went on until about the end of July, was walk along the rim, along the top, and then you get to the top of the glacier and then we pull out these plastic garbage bags. And you needed to wear some pants that are going to hold up to this. And then you slid down the glacier to Emerald Lake. So you saved about a thousand feet by doing that. So I'm going say that's why I was wearing jorts, is so that they would hold up while I slid down that glacier. I don't think that's an option anymore. I think, no, it's been so warm and the drought that it's not there anymore.

Justin Draeger:

No. Emerald Lake is still there. At least a footprint of it is still there. But there's absolutely no glacier. That's gone. Still a gorgeous view. Still a gorgeous climb. And are you both in the Wellness Challenge, though? Just by curiosity, are you guys doing it this year for the staff?

Jill Desjean:

Oh, yeah.

David Tolman:

I wasn't. I wasn't until the day you posted those pictures. And that got me so excited. And I showed, April, my wife. And I said, "Okay, I've got my motivation now to do the Wellness Challenge, so I'm in it."

Justin Draeger:

I inspire that in people. I do things and people are like, "If Justin can do it, I'm sure I could do it. I could probably do it faster." And I'm glad I can be that for both of you. So keep up the great work.

David Tolman:

I'm just there for the view.

Justin Draeger:

I actually feel that, David. You don't give off a very aggressive or competitive bone. You, on the other hand, Jill, I feel it.

Jill Desjean:

I do. I know.

Justin Draeger:

It's all right. Well, you both have me beat in a couple things. And we're going to talk about topics now where you all are the experts. I just did several sessions on this and got a lot of questions about both of these topics. But I want to start with you, Jill. We've been talking a lot about FAFSA simplification. There are things we're expecting right now from the Department. We've just released in today's news, which people can check out in the show notes, like this, a checklist of things people should be doing to prepare for the huge changes that are coming down the pike. So Congress authorized all of these several years ago. And the on-time implementation for the bulk of these provisions is 2024-25, which is less than 12 months from now. So Jill, how are things going? Are we on time? Where are we waiting? What's going on?

Jill Desjean:

So I guess, technically, the on-time implementation is 2023-24, because that's what the original law said. And the delayed implementation, which the 2022 Consolidated Appropriations Act delayed to was 2024-25. So in this delay, they authorize certain provisions of the FAFSA simplification Act to be implemented on time in 23-24. And so those included cost of attendance and professional judgment as well as Pell Grant eligibility for incarcerated students.

Justin Draeger:

All right. Tell us a little bit more about the specifics of those provisions that can be implemented now or in the future.

Jill Desjean:

Sure. So on cost of attendance, some changes are just terminology. Room is renamed to housing. Board is renamed to food. And collectively, those are referred to as living expenses. So those are just things that schools would need to update on their websites and on their financial aid offers, things like that. Also, in cost of attendance, the cost of a first professional license will now be a mandatory cost of attendance component. So currently that's optional. Schools can choose to include that in the COA or not. They won't have that choice anymore. If you offer a program that leads to licensure or certification and it has a licensure cost associated with it, that cost needs to be factored into the COA. Schools will have to list out all of their cost of attendance components on any websites where they describe tuition and fees.

And for PJ, schools will be prohibited from having any sort of a blanket policy of not processing PJ requests. This isn't a common thing, I don't think. But it wouldn't be allowed once the change to the law is implemented. The new law codifies previous ED guidance about using professional judgment during periods of national emergency, like the recent COVID-19 pandemic or other emergencies where schools can actually now zero-out income earned from work if the applicant is able to document either that they applied for or that they're receiving unemployment benefits. And dependency overrides have to carry forward from year to year under the new law as well. Lastly, there is a new provisional independent student status where dependent students could... Right now, if you're a dependent student, you're required to provide parental information.

You can complete the FAFSA without it, but you don't get a full student aid report. You don't have an EFC on your student aid report. And you don't have an estimate of your Pell Grant eligibility. If students indicate that they're not able to provide parental information, even though they're dependent students, on the SARs, they'll be able to see an EFC estimated. Obviously, it'll be an SAI, student need index, because it'll be implemented by then. And they'll be able to get an estimate of their Pell Grant eligibility. And the schools will actually have to follow up with those students on their own. Right now, the onus is on the student. You say, "I can't provide information." And then you go to the school and seek a dependency override. And this would be more of the school doing outreach to the student and saying, "Hey, it looks like you might qualify for a dependency override. This is how you would go about that process."

Justin Draeger:

Okay. Let me ask a couple follow-up questions here. One is, was there also something in cost of attendance that was supposed to go into place this year where schools had to build their COAs based on certain number of meals per day?

Jill Desjean:

Yes.

Justin Draeger:

And that also was supposed to come out this year. Is that right?

Jill Desjean:

That's right, yeah. So for the meals allowance and the cost of attendance, schools would have to base that on three meals per day, so 21 meals per week. So a lot of standard meal plans that schools might have three meals a day during the week, but then on the weekends kind of a brunch and a dinner, because college students don't get up early and don't eat breakfast. They would have to adjust them to account for three meals a day. And other schools have different arrangements where they would only maybe provide for lunch for a commuter campus or something like that.

Justin Draeger:

And having a daughter and freshman, I can attest sleep is more important than food, at least in the morning. So it's not saying they have to offer three meals a day, but it does say they have to build it into their cost of attendance.

Jill Desjean:

Exactly. Right. Right.

Justin Draeger:

Okay. On provisional independent status, that was supposed to go into effect. Or guidance is supposed to come out now for... Can they do this on the FAFSA now? Or is this for 24-25? I'm a little confused on that.

Jill Desjean:

Yeah. So that seems like it is not going to be in place for 23-24, because there would've been associated FAFSA questions involved. So this isn't something that the Department could just decide now would be in place, because there would actually have to be a change to the SAR to accommodate an estimated EFC now.

Justin Draeger:

So even though it was on the Department's timeline for 23-24, I guess at this point we're waiting for guidance, but there aren't FAFSA questions associated with this that would allow it to be implemented. This is a good example, too, I give to folks. When Congress was considering this originally, Jill, and because you worked on this, you'll remember it was what they wanted schools to do was package students as provisionally independent, originally was the idea. We kind of talked to them about why that would, for a lot of students, be a bait and switch because dependency overrides are pretty narrow.

They didn't necessarily change that. But what you've just described adds up to a fact of a school cannot have a no PJ policy. Not many did. But you can't. And now if they are provisionally independent, they'll get their information as opposed to the FAFSA erroring out on the SAR side. But the school will have to tell them the process. So they don't have to package them, but they do have to say, "Here's the process if you want to be considered for a dependency override."

Jill Desjean:

Right. It's a lot more student friendly. The process of requesting a dependency override might not even be something a student knows about. So they might have said, "I can't provide more parental information," but they didn't know that they had to do something else. So just at least having the school hold their hand through the process and explain what they need to do and them having some sense of what their eligibility might be if the override was approved, can be helpful. Definitely more student friendly than the current process.

Justin Draeger:

All right. We just talked about the provisional independent student. That can't go into a fact yet. But what about all the rest of it, like the cost of attendance stuff? Is this coming down the pike or what?

Jill Desjean:

We're really not sure right now. As you, well, I don't think you did mention, I mentioned the Department of Ed said that they were planning on implementing the PJ and the cost of attendance provisions on time, so for 23-24. That was at our conference in June. But we haven't really heard anything else from them since then. Our FAFSA simplification implementation working group, quite a few months ago, created a list of priorities that the Department needed to be working on really quickly. And cost of attendance in PJ were in there, because even though the 23-24 award year technically begins July 1, it really has begun now. The FAFSA's out there. Schools are getting FAFSAs. They could begin packaging, but they've got these questions about cost of attendance and PJ, which are pretty relevant to packaging. And so this may actually be delaying schools from making financial aid offers to students who've already filled that their FAFSAs.

Justin Draeger:

So, I guess, in terms of when they have to do it, the law, Jill, if I'm remembering correctly, said something about they have to issue this guidance through Federal Register so many days before it's implemented. Remind me here, what's the provision?

Jill Desjean:

That's right. So since this is at the option of the Department to decide to on-time implement, they have to announce whether they are going to do it. And the announcement per the law only says that they have to give 60 days notice. So they could conceivably do that 60 days before July 1, before the award year begins and have complied with the law. But obviously, it would put schools in a pretty tough position.

Justin Draeger:

So if I'm 60 days out from July 1, I'm talking the end of April, May 1st, when the bulk of aid offers, at least for traditional four-year schools, are gone. They're out the door by then, so that-

Jill Desjean:

You have to be revising at that point.

Justin Draeger:

Right. So not ideal. And we've conveyed that to the Department of Education. It's our understanding in talking to them, and we've had good conversations with them, and as you've pointed out, Jill, we've raised this issue a number of times, we can't package students except in some really guesstimated ways unless we have this cost of attendance guidance. As we understand it, something is crafted. They have something in mind. But it probably needs to go through some sort of clearance. And right now the Department's efforts are really squarely focused on all the maneuvering happening with debt forgiveness. So while it might be understandable, on the other side of this, while we're focusing on these current and past borrowers, we have a whole bunch of new students that schools need information on before they can package them.

So I think there was something else that we were waiting on, which was Pell for incarcerated students, colloquially called Pell for Prisoners. What's going on there?

Jill Desjean:

So we're kind of unsure on that, too. The Department did put out a draft incarcerated applicant form for comment back in late spring when they put out the standard FAFSA for public comment for the 23-24 year. And at the time, the draft they put out was really just, it was just the FAFSA. It just had incarcerated applicant form written across the top of it. And so NASFAA partnered with the Vera Institute for Justice, who's been really involved in reinstating this Pell Grant eligibility for incarcerated students. And we submitted together some pretty substantial comments during the 60-day comment period, just letting the Department know that this population needs a FAFSA that is tailored to them. They face all sorts of barriers to FAFSA completion. There are a lot of questions on the form that aren't applicable to them or it just won't make sense.

And so when we heard ED's response in the 30-day comment period, they didn't put out a new draft. So we've actually kind of never seen an incarcerated applicant form. It was just saying that they acknowledged our comments and that they were working on it. As we know, the standard FAFSA opened three weeks ago. That's out. People are filing it. But there is no incarcerated applicant form that we know of as of yet. So we're also still waiting on regulations. The Department negotiated the Pell for Prison education programs last fall. And draft rules have come out. But a final rule can come up by November 1st and still be effective for 23-24. But of course, schools really can't get those prison education programs up and running until they have the regulations.

Justin Draeger:

Right. Okay. So we'll stay tuned to all of that. Thanks very much, Jill. All right, let's turn to you, David. A lot of the headlines over the last two weeks have been about student loan debt forgiveness as the Biden administration moves forward. So people saw probably last weekend, the administration opened a beta application. Before they opened it, they did give us at NASFAA a briefing on this beta. And they said that the application would be up and down through the weekend, potentially causing some frustration. And emphasizing that borrowers who miss the boat, because unlike a lot of people on Twitter, borrowers just don't have infinite time to be hitting refresh on a studentaid.gov website all weekend. They have family responsibilities and jobs. But they emphasize that borrowers would have more time. Nobody would be excluded if they missed the beta.

So over the weekend we found out, 8 million people completed the beta application. That's fantastic news. And then we heard when the official application launched on Monday, another 4 million people completed it. I think within 24 hours after that going live, which is, these are phenomenal numbers. And then, of course, we'll see how this plays out. But let's back up for just a moment, David. What are the basics? Just as a reminder, what are the basics for debt relief?

David Tolman:

So the Biden-Harris Debt Relief Plan applies to federal loan borrowers who meet certain income thresholds. And the forgiven amount will be up to $10,000 or up to $20,000 for borrowers who received a federal Pell Grant.

Justin Draeger:

All right. And in terms of who needs to complete the application, do we know who does and doesn't?

David Tolman:

Yeah. Most borrowers will need to complete the application. Those who submitted a FAFSA with using either the IRS data retrieval tool or reported income for using income from the 2020 or the 2021 tax year, they will be automatically identified. But it doesn't hurt to still submit the application. It's very short.

Justin Draeger:

So I've had some confusion personally on this, because I've heard conflicting reports about using the IRS data retrieval tool and whether this is an allowable use. But what the Department is currently saying is that if you submitted a FAFSA with the IRS data retrieval tool income, or you manually reported income for the last two years, you're automatically identified and you don't have to fill out an application. Is that right?

David Tolman:

That's correct. Yeah, that's correct. And those borrowers will be contacted by email to say, "Hey, we've identified you by text," if they'd previously signed up for text messages. But again, if there's any doubt, you can submit the application. It's not going to hurt anything.

Justin Draeger:

The other group that's included in there would be people who'd filled out income information for income-based repayment. But given the loan repayment moratorium, I assume that's very few people.

David Tolman:

Yeah, I would imagine so.

Justin Draeger:

Okay. Sounds pretty simple. But I imagine, given the profession that we're in, we kind of cut through some of the public relations stuff and get to the meat of some of the more thorny questions. So what are we hearing from our members?

David Tolman:

Well, almost immediately after the announcement, we started getting all kinds of questions. And as you know, financial aid administrators will work with students in all kinds of situations. And NASFAA has been working with the Department of Education, as you mentioned, to seek clarification on many of these situations.

Justin Draeger:

Seems like we're getting some pretty precise questions about income thresholds. Can you flesh that out for us a little bit?

David Tolman:

Yeah, so the relevant years are going to be the 2020 and the 2021 tax year. The income that's used is the adjusted gross income. The same income that you report on a FAFSA. It's from line 11 of the IRS form 1040. So for filing status, IRS filing status, that's how they are going to identify the threshold. So if the income limit is $125,000 for non-filers, those who filed as single or those who filed married filing separately, $125,000. For others, the income threshold will be $250,000. And that includes those who file a tax return as married, filing jointly, head of household or as a qualifying widower.

Justin Draeger:

And this is where I'm wondering, is the Department using an and or an or here? Do you have to be under those income thresholds for both those years or just one of them?

David Tolman:

Just one. The lower income year is going to be used. So I can give a couple examples. In 2020, a borrower filed a tax return as single, had an adjusted gross income of $50,000, which is definitely below the limit, then the borrower married and then 2021 filed a joint tax return with the spouse, with a combined adjusted gross income of $500,000, which is definitely above the limit, that borrower would still qualify for debt relief, because of meeting the income threshold during 2020. Now, if the second spouse had their own federal loan, they wouldn't qualify based on 2021. And then they would go back and look at 2020 to see if the second spouse had income that qualified during that year. If not, then only the first spouse would qualify for the income threshold.

Justin Draeger:

All right. So if people are considering putting off marriage because they might see a significant increase in their income, no need, at least for debt forgiveness.

David Tolman:

Yeah, 2021 tax year has come and gone for most people.

Justin Draeger:

Okay. Let's talk about dependent students. How does their parental income figure into all of this?

David Tolman:

And that's a good question. It's one we received kind of early on. But eligibility for debt relief for recently enrolled dependent students will be based on parents meeting the income threshold, not the student. But there are still some gray areas here that we're seeking some clarification on. So for example, well, for certain, if an undergraduate student was enrolled as a dependent at any point from July 1st, 2021 through June 30th of 2022, in those cases, we know parental income is going to be what's the threshold will be based on. And that's all the Department has announced for certain. But also, if a student was a dependent student when they first borrowed a loan 20 years ago, they aren't going to be looking at that student's parent's 2020 or 2021 income now. The student borrower is going to qualify on their own.

But there are some cases in the margins we're not sure about. A borrower who was enrolled as an undergraduate student from August 2020 to May 2021 and hasn't been enrolled since, they were dependent when they were last enrolled, haven't been enrolled since then, based on the information provided so far, parental income would not be required. So they would just be looking at the students. But there is a possibility that that could change as clarification is provided.

Justin Draeger:

All right. So we have that question submitted to the Department. We're waiting for some more technical answers for these borrowers that might be, as you put it, on the margins there. Let's turn to the receipt of the Pell Grant for the extra 10 grand. Any limits on when and who qualifies for that extra amount?

David Tolman:

There don't seem to be any qualifications or exceptions attached to the Pell Grant receipt. Their website indicates a borrower qualifies for the maximum of $20,000 in debt relief if the borrower received a Pell Grant while in college. And my daughter-in-law asked me this question almost immediately upon this program being announced, because she was an undergraduate and received a Pell Grant as an undergraduate, but never borrowed a loan until she entered a graduate program. And so obviously, she wouldn't have received the Pell and a loan at the same time. But based on the information we've got from the Department, she would qualify for loan forgiveness at the higher amount, because she did receive a Pell at some point.

Justin Draeger:

One of the other areas where I've seen a lot of questions, and maybe because it defies a little bit of logic on how we award aid on the front end, but if we're talking about a PLUS borrower, a parent PLUS borrower, how is the extra 10 grand awarded in that sense? Is it if they received a Pell or their student received?

David Tolman:

It still goes back to, did the borrower receive a Pell Grant while enrolled in college? So for parent PLUS loan, the borrower is the parent. So the extra $10,000 is going to apply only if that parent PLUS borrower received a federal Pell Grant when they were enrolled, if ever, in college. So it's not based on the student.

Justin Draeger:

Gotcha. Let's circle back to, we've had some changes. The Department has sort of changed guidance at some point. So let's really quickly just re-circle up on which loans currently qualify for debt forgiveness.

David Tolman:

Currently, eligible loans are those in the Direct Loan Program, FFEL loans, the Federal Family Education Loan Program, if those loans are held by the Department of Education. And also Federal Perkins loans, if those loans are held by the Department. FFEL loans not held by the Department are not eligible, according to clarification from the White House that they provided on September 29th. These same students, they would know if they're not eligible, if they were not eligible for the payment pause. If they were not eligible for the payment pauses, then they would not be eligible for the loan forgiveness. Also, any eligible loan must have been first dispersed on or before June 30th, 2022.

Justin Draeger:

Okay. And then let's sort of look at the intersection of this with defaulted student loans. How do those two things interact?

David Tolman:

Well, if the defaulted loan is in one of the categories I just mentioned, then it would qualify for the debt relief. There is a question, however, on FFEL loans that are in default. The studentaid.gov website mentions any FFEL loan in default qualifies, whether it's held by the Department or by a guarantee agency. We are circling back because of the change. We are just checking to make sure that that is still the case and not something that carried over and was missed from before the September 29th announcement.

Justin Draeger:

And David, if we do receive clarification on that or other issues, people can go to AskRegs. And I assume Hugh we will go ahead and put that in our show notes, sort of the catch all for debt cancellation where they can see all of our articles, resources and links to AskRegs. What if a borrower made payments during the repayment pause? I got this question at both RMASFAA and MASFAA over the last two weeks. If they paid off their loan during the repayment pause, do they get forgiveness?

David Tolman:

Well, there's two situations. One is paying down the balance and the other is completely paying off the loan. So let's talk about paying down the balance first. So let's say before the payment pause a borrower's balance was $12,000. The borrower made some payments during that time, that lowered the balance to $7,500. And the borrower would otherwise qualify for $10,000 in debt relief. So the remaining $7,500, that's going to be forgiven. The student would have received an additional $2,500 if it was still included in the balance. But instead, that $2,500 will be automatically refunded to the borrower. What the Department hasn't addressed is, what if it was completely paid off and the loan no longer exists? So that is another point of clarification that we're waiting on.

Justin Draeger:

Okay. And I'm sure a lot of those borrowers who paid off their loans would prefer that those payments be refunded back out, they receive that money and they receive forgiveness. But that is a little bit of a different animal, isn't it, from the last example? So in the last example, if they have $2,500 written off, will those back out? Will those borrowers get that $2,500 back?

David Tolman:

They will, automatically. According to the website, it will automatically be refunded.

Justin Draeger:

All right. Lots of different places we can continue to dive a little deeper. Is there anything else you think we ought to point out? What can aid administrators be doing to help their borrowers?

David Tolman:

Well, one area we want to make sure that does not get overlooked with this much money, this many borrowers involved, are potential scammers that might be out there. So anything that financial aid administrators can do to help prevent their students or former students from falling victim. So a few things to note. The Department of Education is never going to charge a fee for any of these services. Somebody who says, "For a fee I'll take care of this for you," that's a red flag. The Department has said they will not use phone calls to contact students, only email or text. So those who are phoning students trying to represent either being the Department or someone else, they're not legitimate. And they'll only get texts if they have signed up to receive text messages. And then emails are going to be sent from a studentaid.gov email address. So anything a school can do to help get word out on those things would be helpful.

Justin Draeger:

And of course, based on the capacity at that institution, we'd say anything you can do to get the right websites out, get resources out, get information out to your students current or even past, please do so. But of course, every institution's working with different capacity. If a school was going to proactively reach out to borrowers, David, and sort of point them towards resources, where should they point?

David Tolman:

Well, the best source would be the studentaid.gov website where, and we'll link to these in the show notes as well, either to the application itself or to a description, their information page, would be good to send them to.

Justin Draeger:

And for financial aid administrators who are looking to figure all this out, again, you can go to our resource center, which is really geared towards institutions, not so much your students. And David and the team will continue to update, AskRegs as we get additional clarification. Thanks very much, David.

David Tolman:

Yep. Thanks, Justin.

Justin Draeger:

Let's bring in our producer and editor this week, Hugh Ferguson, who is a senior reporter organizing all of the coverage that you see in today's news. Hugh, welcome.

Hugh Ferguson:

Thank you, Justin.

Justin Draeger:

Hey, Hugh, so what's going on in the news this week?

Hugh Ferguson:

Thanks, Justin. So as discussed, the application for student loan debt cancellation is now live. And this follows ED's roadmap to implementing this one-time relief. In the initial announcement, where Biden detailed the parameters of cancellation in August, Secretary Cardona gave a three-step infographic, which is linked in the show notes, to carry out this program. So they've now completed the first step of launching the application by early October, which is pretty much on track. Maybe it's more mid than early October. But nonetheless, they're pretty close to their timeline.

And then the next step is probably the most significant action, which is the expectation of when a relief will be delivered. And ED said that that would be about four to six weeks. So for borrowers who have already completed the application, that's late November, early December that they could be seeing that reflected. And then ED's third commitment was that borrowers who apply before November 15th will receive the relief before repayments resume. So things are moving. And we will be tracking how this timeline plays out for both the Department's processing and what potential impact these, now, roughly half a dozen lawsuits, could have.

Justin Draeger:

Wow. So there is a time component here. We are encouraging people to fill this out sooner rather than later, especially if they want to get it done before the loan moratorium, repayment moratorium lifts on January 1. All right, what else is going on in the news?

Hugh Ferguson:

And then speaking of timelines, we also have the beginning stages of FAFSA completion data starting to roll in for the 2023-24 cycle. The National College Attainment Network has a really handy tracker that shows that during the first week of the application, 4.3% of current high school seniors have submitted their applications, which is a 25.4% jump from last year. It's still really early in the process, but this is an encouraging sign for completion trends. And we have a full report on this in the show notes.

Justin Draeger:

Fantastic. Anything else, Hugh?

Hugh Ferguson:

Yeah. And then just one other thing I wanted to point out. You and David had talked about the completion rate for student loan debt cancellation and borrowers being engaged in filling out the application. And just wanted to note that the student loan portfolio has 40 million borrowers. And between the beta launch of the debt cancellation application and the first day the administration launched the program, roughly 12 million borrowers have applied, so that's almost 30% of the eligible applicants that applied in that timeframe. And the application is very short and quick, which is important to note, especially when comparing these completion rates to just the first week of the FAFSA.

Justin Draeger:

Right. People are definitely excited for this. And you would suspect people who have outstanding loan debts would be keeping a pretty close eye. Of course, the Department has said that this application will be open until December 2023, which is 14 months from now. But still, with all of the court action happening and litigation that continues to happen, our advice is for people to fill it out sooner rather than later. This could very well be sort of a start, stop, start, stop. So get those applications in and get them in as quickly as possible.

Thanks very much, Hugh. And people can see stories on that in our show notes and of course, in our daily newsletter, Today's News. Thanks very much, Hugh. And thank you to all of you for listening for another edition of Off the Cuff. Remember to tell your friends and your colleagues, "Remember to subscribe." If you see one of us at a future conference, please come up and say hello. It's always nice to hear if people are listening and what they're hearing on Off the Cuff. And send us your comments, questions, and we'll see you again very soon.