

NASFAA's "Off the Cuff" Podcast – Episode 249 Transcript

OTC Inside the Beltway: Higher Ed Policymaking Meets Divided Government

- Hugh Ferguson: This week's episode of Off The Cuff is brought to you by NASFAA's 2023 Leadership and Legislative Conference and Expo. If you are a financial aid administrator who wants to grow professionally, expand your network, and become a leader on campus in your association or in your profession, this learning opportunity is designed for you. Don't miss out. Register today at nasfaa.org/registration.
- Justin Draeger: Hey, everybody. Welcome to another edition — the first 2023 edition — 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'm Jon Fansmith from ACE's government relations team.
- Justin Draeger: Big news ,2023 — Jon Fansmith just announced yesterday a new title and role over at ACE. What is it? Give us the skinny here, Jon.
- Jon Fansmith: I am stepping into the massive shoes of Terry Hartle. Effective February 1st, I will be ACE's new senior vice president of government relations. A role I approach with a lot of trepidation and a lot of excitement too. So changes in the new year already.
- Justin Draeger: Congratulations, Jon. We're super excited for you. And excited for us and financial aid and ACE. You're great to work with. That's obviously why we've invited you onto the podcast so many times. Good news for you, with the new role, I'm recommending like a 200% increase for your podcast stipend. You know what? Cancel that — a hundred percent — 300%.
- Jon Fansmith: Still amounts to zero.
- Justin Draeger: Right.
- Jon Fansmith: Although maybe, what, free mugs? Could I get free mugs?
- Justin Draeger: I can make that happen.
- Karen McCarthy: We are, yes, we are cleaning out the office.
- Jon Fansmith: I should negotiate better.
- Justin Draeger: Especially since we're cleaning out our office.
- Karen McCarthy: Yeah, we've got so much swag we can give you.

Jon Fansmith: I mean, this may not be encouraging for the ACE members when they hear what a poor negotiator I am.

Justin Draeger: How are you on pens? How are you on scissors? I mean, we have stuff that we can unload on you.

Jon Fansmith: I mean, I've got two little kids. Office supplies might actually be useful.

Justin Draeger: Can you do something with roughly 60,000 reams of paper? Can we drop that off at your place?

Jon Fansmith: Definitely.

Karen McCarthy: We have colored stickies. I feel like the little kids love the little colored stickies and we've got a lot.

Jon Fansmith: They do love them. I don't love picking them up though, so I'm going to pass on those two. Yeah.

Justin Draeger: I hope you both had a great holiday. Seriously, congratulations, Jon. We were very excited to hear the news yesterday and we're glad to still have you on the NASFAA podcast with your new responsibilities and your new insights. Are you going to start —some of our listeners maybe know Terry. I mean, Terry's very well known in the Beltway. Are you going to start now, do you have to start adopting any of the mannerisms of Terry Hartle? Do you have to start using his phraseology? How are you going to come up with anecdotes and quotable quotes?

Jon Fansmith: The thing that is lucky for me is, one, I've been working with Terry for a while, so some of those traits have just rubbed off by osmosis. Two, many of Terry's anecdotes feature sports, which is an interest of mine to begin with, so there's a natural fit there. But three, absolutely, I'm going to have to work a little bit, sharpen my game. Terry's the master of the pithy quote. I'm the master of let's talk about the details for the next 15 minutes. It's a different subset.

Justin Draeger: This is why you resonate with our audience though, because you can hang with us as we get into the details. The other thing about Terry is, Jon, you probably know this, so I've known Terry for a long time. Terry has his lunch place. So if you don't know this about Terry, he likes to go to lunch at the same place. And for a lot of years it was one place. And then they changed ownership, and I don't think he always got the window seat at that place. And next thing I know, he and I are now having lunch regularly at another place. Am I speaking fact?

Jon Fansmith: Oh, that's absolute fact. Yeah. No, Terry is a creature of habit in that regard and he definitely has a place and that is his place, so yeah.

Justin Draeger: And too bad for me, the prior place was closer to our office and the new place is on the other side of DuPont Circle. And as we've talked about before, I'm not a fan of crossing DuPont Circle, but I still go over there. All right. Well, congratulations, Jon.

Jon Fansmith: Thank you. Thank you.

Justin Draeger: We have a lot to talk about because a lot happened over the break and since the last time we were here. So everybody does resolutions. Let's not do resolutions. I want to know what's the one thing I should buy, that maybe you guys bought in the last year, that would make my life measurably better in 2023? Give me something I can go out and just... I don't want more responsibility, more resolutions. I want to make my life better. Jon, what do you got?

Jon Fansmith: You want to buy your way out of a problem?

Justin Draeger: Yes, of course. Right.

Jon Fansmith: It's the American way. It's beautiful. I will tell you, Justin, the thing, and I have said this to you many times on this podcast, non-iron shirts. Non-iron, they're good, nice non-iron. You told me once you would have to get up an extra hour early when traveling to iron your shirt.

Justin Draeger: Yes.

Jon Fansmith: So wasted hours, save yourself time. All those hours add up. There are beautiful non-iron shirts. I told you a brand that I like. I will say, Karen and I have had a little communication about this. She will vouch for my recommendation.

Justin Draeger: I thought this was a men's store.

Karen McCarthy: It is. I did some Christmas shopping. I told Jon, I may have set the bar a little high because all these they were having a big sale. You're welcome.

Justin Draeger: Well, listen, it's Charles, how do you pronounce it, Tyrwhitt?

Jon Fansmith: Tyrwhitt, I think

Justin Draeger: Tyrwhitt. They're out of England.

Jon Fansmith: It's a very complicated spelling. Yes.

Justin Draeger: They're out of England. They're not sponsoring the podcast yet.

Jon Fansmith: But if they want to send me something for the repeated promotion of their brand, open to it, guys.

Justin Draeger: It feels a little bougie. But Jon, I hear you loudly and clearly. I want to tell you, I did purchase shirts from that store in November.

Karen McCarthy: Oh, you didn't share.

Justin Draeger: I did. Because I screwed up the measurement so badly that the shirts came back and not a single one fit. They were all short on the sleeves. The sleeve came down to here. And so, I don't know. But then, have you ever tried to return shirts to England? It's a thing. Have you returned shirts through them?

Jon Fansmith: I haven't had the need, because I know what my measurements are, Justin. That's not generally complicated.

Justin Draeger: We don't have a tailor over here at NASFAA, okay? That's not been in the budget.

Jon Fansmith: All right. Well, we got to move this podcast along because mine's showing up at the office.

Justin Draeger: Yeah. Okay. I know. Then you'll have your hair cut, your barber shows up.

Jon Fansmith: That's right. That's right. That's right. While they're washing my car downstairs.

Justin Draeger: Karen, what do you got? Do you have anything I can buy?

Karen McCarthy: Justin, do you ever walk your dog in the dark?

Justin Draeger: Yeah. Yeah, I do.

Karen McCarthy: Does your dog have one of those light up vest things?

Justin Draeger: Oh, for the dog?

Karen McCarthy: Yeah.

Justin Draeger: No.

Karen McCarthy: Because I don't know. Do you wear any lights or have any lights when you are out in the dark? Okay.

Justin Draeger: Yeah. We've met, Karen. I'm very concerned about my own safety. Yes, absolutely. Yes. I am very well protected.

Karen McCarthy: Well, if your dog is wearing all the lights, I kind of feel bad because I make the dogs wear the lights and then I don't have to wear any lights. I don't have to take a headlamp or do anything like that. And I was like, so the dog is doing all the work, but...

Justin Draeger: I'm not following your logic exactly, but okay.

Karen McCarthy: Because I don't like putting on the reflective vest. I'm really nervous about cars not seeing me when I'm out walking in the dark. Because as a driver, I can't see people if they're out walking. And I live in the city and there's lots of pedestrians, and I'm always like, "Oh my gosh, I did not see that person at all because they're not lit up." So when I walk or run, I always have a light. And it's a pain, all that yellow reflective stuff. So with the lights, I don't really like putting all this stuff on. And by buying the vest for the dog, I feel like the dog is doing all the work of making our little unit lit up. And the dog gets excited when she sees the lighted vest, she's going on a walk and she's happy to carry all the work. And they have really cool, you can adjust it so it blinks different colors, and that's always fun too.

Justin Draeger: Okay. Karen, let me ask you a question as a dog owner here. Are you also the owner that — you live in the city, so the dog does its business, and then you pick the business up, and then do you tie it to your dog, like bags of shame? Because when you're talking about the dog wearing all the lights, what I'm picturing...

Jon Fansmith: Is this a thing?

Justin Draeger: Yeah, it's a thing. There are certain owners out there who take their dog poop bags and they tie them on their dogs. And I'm like, "Come on."

Karen McCarthy: Oh, I haven't really seen that.

Justin Draeger: Oh, sure.

Jon Fansmith: Now, that sounds awful.

Karen McCarthy: The debate here is if you can put the bag in somebody else's trash can while you're walking, find a neighbor's trash can. That is a big thing.

Justin Draeger: Yeah, we have that here too.

Jon Fansmith: Where are you on that, Karen? Because I have very strong feelings about that.

Justin Draeger: Well, first of all, do you have a dog, Jon?

Jon Fansmith: I do not. We're getting one this year actually, is the plan. When we move into our new house, we're going to get a dog.

Justin Draeger: So are you for or against it?

Karen McCarthy: He doesn't have a dog, so he probably hates it when-

Justin Draeger: He's against it.

Karen McCarthy: ... people put bags in his trash can.

Jon Fansmith: Exactly. Hate it so much.

Justin Draeger: Well, you'll hate it a lot less when you have to walk a mile with poop.

Jon Fansmith: So, I am lucky, I will say, which is part of my rage, that on Capitol Hill there are public trash cans everywhere.

Justin Draeger: Oh, okay.

Jon Fansmith: There is no excuse.

Karen McCarthy: But I will say, in our city, those public trash cans do not get emptied with as much regularity as the alley trash cans. So it'll sit in there and then the trash can is overflowing with bags of dog poop. I feel like that is grosser.

Justin Draeger: I do not enjoy walking with poop.

Jon Fansmith: Strongly disagree.

Justin Draeger: I also don't haul my trash bins into my bedroom, so I don't care what people throw in there. As long as there's space. For me, it's space. Don't take up my space, but I don't care what you throw in there. I'd rather have someone-

Karen McCarthy: Yeah, I don't either.

Justin Draeger: ... throw up in my trash can than on my front porch. So I'm just sort of do whatever with that. All right, Karen, we're on the same page. Jon, we'll check in with you in a year when you have this dog and we'll see where you're at.

Karen McCarthy: Yes, yes.

Justin Draeger: My purchase for 2023 makes your life a lot better, a Roadster Tesla. So if you can get out and get yourself a Roadster Tesla.

Karen McCarthy: Oh, nice.

Justin Draeger: I'm joking.

Jon Fansmith: Sure.

Justin Draeger: Guys, here's my real thing. I don't own a Tesla. The real thing is I've been buying my tennis shoes more often. So in 2022, instead of waiting till they were falling apart, every three or four months, I would actually replace my tennis shoes. And it made a world of difference in terms of comfort and even joint pain. Because I grew up like, you wait till these babies have holes in them.

Jon Fansmith: Right. Falling apart.

Justin Draeger: But I started replacing them after they were recommended, after you've done so many miles. Big upgrade. Big upgrade. So that's my recommendation for you. All right.

Karen McCarthy: I can't believe you running in these shoes? Were you wearing out the sole?

Justin Draeger: I had a system, I'd start running, and then they would become my walk around shoes, and then they would become my outdoor work shoes and they're my walk the dog shoes. And they would just hurt, so anyway. Then the final system is when Deanne would look at them and be like, "Those got to go." And so, that was when I knew then they were retired to the trashcan.

Jon Fansmith: Well, that makes sense. I'm wearing a pair of shoes that are pretty worn out right now, actually, because I walk to work and back.

Justin Draeger: In dress shoes? Or are you doing a Mr. Rogers thing?

Jon Fansmith: No. No, I carry my dress shoes with me.

Karen McCarthy: Oh, good.

Jon Fansmith: It's the typical D.C. thing of wearing dress clothes and sneakers, which is great.

Justin Draeger: Yeah, it's super cool. Yeah, you're there. Yeah, you're 40 going on 67.

Jon Fansmith: Yeah. Although to be fair, I was like 15 going on 67, so this isn't a huge shift for me.

Justin Draeger: You're an old soul.

Jon Fansmith: Yeah.

Justin Draeger: All right. Yeah, let's dig into it. I feel like people don't tune in here necessarily to hear our take on stuff necessarily outside higher ed, but there is a higher ed implication here. And I just wonder, Jon, from your perspective, what do you make of the whole Kevin McCarthy situation? Now, let me preface this by saying couple things. One is I rarely call elections anymore. After 2016, I sort of got out of that business. But I did show up to a meeting of our state flagship public schools in December.

And someone asked me, "Well, who's going to be the next speaker of the house?" And what I said was, "Well, it's Kevin McCarthy's to take, because he has raised so much money and shown up for so many people that it would be... I mean, it's got to be Kevin McCarthy. I don't know who else it would be." And then of course, after the third vote and then the sixth vote, and then the ninth

vote, I thought I was going to be eating my words. But by the 15th vote, he did get it and it was a whole thing. What do you make of that?

Jon Fansmith: Yeah. I mean, there's a couple things to take from it. The first is that Kevin McCarthy raised a ton of money and he spent a ton of money for candidates. But some of those candidates were much more moderate candidates in safe Republican seats, which was part of the more conservative wings, the House Freedom Caucus' concerns with him. And actually, one of those below the radar things as these, the votes were going on, was his PAC publicly vowed that they would stop funding candidates in basically non-competitive conservative seats. So that was a direct response. That was part of the anger.

There's a lot of personal anger towards Kevin McCarthy. And you saw that because the votes weren't shifting, there weren't blocks of voters moving to other candidates. No other candidate emerged as a strong, viable candidate. It was really always, you were right, it was always Kevin McCarthy's seat to lose. It's people who were weaponizing the narrow margin to get as many concessions from him as possible. And that's good Beltway stuff. I watched the hearings

Justin Draeger: Votes?

Jon Fansmith: I watched the C-SPAN coverage of the votes.

Justin Draeger: I did too. And the thing that was awesome about all of that is because there were no rules in the House.

Jon Fansmith: Right.

Karen McCarthy: On the cameras.

Justin Draeger: The cameras were actually following people around-

Jon Fansmith: On the floor.

Justin Draeger: Yeah. Usually the House restricts the camera to the gavel and whoever's speaking, and that's it. And we were watching, I mean literally almost, Republicans coming to blows.

Jon Fansmith: Oh yeah.

Justin Draeger: And we could see it all.

Jon Fansmith: Yeah. There's one almost fight and multiple instances of people who brought their kids, who their kids got free, so in the backgrounds of the vote count, you can hear like, "Philip, come back, Philip." It was a really lively... It was very

entertaining. Again, 15 going on 67 years, so what I find lively and entertaining, maybe it's not.

Justin Draeger: No, Jon, it was proud dad moment. I had my two oldest kids with me, a college freshman and a high school junior stayed up with me on that 15th vote. Remember, because they were going to adjourn? And then they stayed up and we watched the whole thing, and it was, I mean, it was inside the Beltway stuff, but it was a lot of fun. But you mentioned what they extracted, and that's what it was about. And we don't even know it all, but one of the things you just mentioned was Kevin McCarthy can't go into safe districts and raise money for other candidates anymore or spend money on other candidates. So we can't primary anybody. But the thing that I really zeroed in on, and this is the stuff we know, because supposedly there's this whole other agreements of-

Jon Fansmith: Three-page list of concessions we don't know about, yeah.

Justin Draeger: Matthew Gaetz basically said, he said to a reporter, he ran out of things to ask for, which I don't know how hyperbolic that is, but holy smokes. But they said that they would not raise the debt ceiling. One of the agreements was they would not raise the debt ceiling without spending cuts. And I don't know if that's like offsets or just some spending cuts. I don't know what the margin of victory is there. And then that they would not increase 24 appropriation funding above 22. That was an agreement. So how do you think that if Kevin McCarthy adheres to those agreements, how does that play out for student aid funding going forward?

Jon Fansmith: Well, and the piece that hangs over this is it's fine for Republicans to say, "This is what we're going to do," and there's other chambers and there's the president and things like that. And you can say, "So fine, they have a plan." But to actually pass a bill, they're not going to take \$75 billion from the Department of Defense to restore it to FY22 levels. And if they were to put all of those cuts on the non-defense side, it'd be about 25% of all non-defense spending. Susan Collins in the Senate is not going to approve of that on appropriations. It's a strong position. The problem for Kevin McCarthy is, unless he actively fights for those positions, he has no negotiating room. Any single member can vote to vacate him, kick him out of the chair, which is the threats that brought down Jon Boehner, it's the threat that brought down Paul Ryan.

He's not only made these concessions where you could say all right, well. He said he'll let them dictate the strategy, but ultimately they'll seek a deal. He really can't. He's given so much power to them internally. Rules committee, the House Freedom Caucus has enough seats on the Rules Committee to prevent any legislation from going forward for a vote on the floor. He doesn't have the ability to move things forward. He doesn't have the ability to negotiate. He can only bring things forward that his whole caucus supports. And he doesn't have the kinds of margins that Boehner did, Ryan did a little bit, that allowed them to reach across aisle and pull 10 or 15 Democrats onto something. He just doesn't have that.

Jon Fansmith: Who, bad for him, but bad for appropriations, bad for the debt ceiling.

Justin Draeger: And for a lot of people who maybe didn't understand why the Republicans who won the majority but won on a very thin margin, why the Republicans were kind of dejected after the election. It's because-

Jon Fansmith: Yeah, absolutely.

Justin Draeger: ... of this margin. So Kevin McCarthy is going to need crossover votes from Democrats if the Freedom Caucus peels off. To even perhaps even do level funding in some instances, he might need cross-party help.

Jon Fansmith: To do CRs. They don't want to do CRs. And here's the thing, as soon as he goes cross-party, they'll move to kick him out of his chair.

Justin Draeger: And now only one, it only requires one vote.

Jon Fansmith: One member.

Justin Draeger: One member of the House can call a vote for him to be ousted. If he is ousted, because this is a quirk in our constitution, you don't have to be a member of Congress to be the Speaker of the House. Would you two support my candidacy?

Jon Fansmith: Absolutely.

Justin Draeger: That's not a joke.

Karen McCarthy: Well.

Jon Fansmith: I mean, the one disqualifying thing, Justin, is the fact that you might want that speaks possibly some real problems.

Justin Draeger: I am the third party candidate. I am not affiliated and I'm truly... No, that would be obscene. But the view from the speaker's deck, the speaker's balcony is pretty sweet. Yeah, what, Karen?

Karen McCarthy: Justin, when you said, "My candidacy," when you said my, I thought you were going to say my candidate, like the person I'm recommending. When you said my candidacy, I was just like, "Oh, himself. He's saying he wants to."

Justin Draeger: Yeah, who else would it be? Karen, we've worked together a long time. All right. The other thing that happened over break, besides the... Depending on which side of the aisle you're on, whether it was chaos or democracy in action, the other thing that happened was the 22 wrap up on the omnibus, and we finally have some final numbers going into the '23, '24 award year. Jon, you want to catch us up there?

Jon Fansmith: Yeah. And it's pretty interesting transitioning from what we were just talking about. There was a lot of talk that they might kick appropriations into this new year, new Congress, let them resolve it. And ultimately, in a lot of ways, it was Republicans in the Senate saying like, "No, let's get this done." And looking at what we're looking at, thank God they did, because we might be facing a government shutdown in a couple of weeks had they not. It's generally a good budget for higher education, right? There's a \$500 increase for the Pell Grant. It's the biggest in a decade. Combined with a \$400 increase the year before, we're up to about \$7,400 in the maximum Pell award. Those are big increases by historical standards, both individually and over a two-year period. They're not at the level we would like to see, our organizations support doubling the Pell Grant, getting it closer to \$13,000.

But this is still very good. A thousand dollars almost over two years is a great gain, historically. Most of the other programs, they saw increases. Not huge increases, but increases across the board. And that's kind of the pattern you saw across the different appropriations that we saw it in research, other places. There might be a few big investments that were bipartisan priorities, but for the most part, pretty good consensus law making. They found increases where they could. A lot of things got a little bump. A few things, mostly smaller programs saw huge percentage increases, but only because they were small to begin with, but a good, solid budget, workman-like budget.

Justin Draeger: So my question for you, Jon, is do you think it's hyperbolic for me to say this might be the last good news budget or at least significantly positive budget for a few years?

Jon Fansmith: Oh yeah, no.

Justin Draeger: It's going to be a rough go.

Jon Fansmith: That's the safe bet. Ooh, yeah. We're in for some rough couple years.

Justin Draeger: One of the things that, in the spending bill, that probably was overlooked by most, and Karen, I want to ask you about this, is that FSA was seeking a pretty significant increase in funding. They did not get it. They were level funded. And I'm curious, Karen, how do you think that's going to impact our colleagues over at the Department of Education and ultimately all of our institutional members?

Karen McCarthy: Yeah. We have no idea how much money FSA needs to do any of their initiatives. We do know that they have a lot on their plate. There's a long list and our community is aware of everything that FSA is doing with loan servicing and the repayment pause. Debt cancellation plays a really looming role in this whole conversation. Everything they're doing in the next gen space, the new FAFSA that we are all anxiously awaiting for 24-25. We have a lot of things in the hopper in terms of new regulations coming out. We're expecting a GE NPRM this year, so that whole on-ramp to the new GE rules, all of that. We do know

that they asked for a significant bump up and did not get it. So I don't know. I don't know how much money they need to do all of this work on their plate, and that's just not our area.

I do think that we have concerns about their ability to get all this done. I mean, both from the financial side, just do they have enough dollars? Capacity side. This is a lot on anybody's plate. The repayment pause. Just that would be a really big thing in any given year and plus all of these other things going on at the same time. So I guess we remains to be seen what the impact will be, but I think we definitely have concerns from the, are all these things getting done on schedule or not?

Justin Draeger: Yeah, it's not like they asked for significant appropriation increases so they could in the for-profit world pay shareholders or pay bigger bonuses or something. This was really about the capacity to hire up and do work. So I guess I would say it's not great news. It's bad news. We just don't know how bad it really is. Here's a couple implications for financial aid people. Yes, the FAFSA. And we just sent a letter up in December with our colleagues over at NCAN saying one thing that was missing from the FSA conference was, is the FAFSA going live on October 1?

And so, how does a level appropriation when they said they needed more money impact FAFSA rollout? Here's another one. Schools have been asking for a return to an in-person FSA conference. That is not an inexpensive conference to hold. If I was a betting person, I would say this does not bode well for a return to in-person FSA. How does this impact training at the department or it's career staff in getting staffing up and getting questions answered as they come into the department? So I don't see this as a good thing. I just don't know how bad it's going to be.

Karen McCarthy: Yeah. Justin, I just wanted to clarify one point about our FAFSA letter and the question as to when the department will be rolling out that 24-25 FAFSA. They did, as several people pointed out, at the FSA conference and elsewhere, they have, I think, chosen their words carefully, and they have said that they are planning and are on track for an on-time implementation for 24-25 of the new FAFSA. But specifically, they have not said that that new FAFSA will go live on October 1st, and they are not required by law to roll it out on October 1st.

Justin Draeger: There it is. There it is. And that's the nuance, because the law on time would be by January 1st, right?

Karen McCarthy: Yes.

Justin Draeger: That's the law.

Karen McCarthy: Yes.

Justin Draeger: So remember, folks, that... And then what we've been saying, Karen, is that the backing up the FAFSA to October 1 was in response to prior-prior year, but that was voluntary. We worked with the department, we came up with that timing. We had a mutual agreement. And they did it. But they are not required to have the FAFSA done by October 1, which is why this is sort of inside the Beltway parlance, but it's sort of a, "Well, we didn't actually hear you say October 1." So is it or is it not? And if it's not, schools will have to but can roll with it. But we kind of need to know today. Schools have a lot of consumer information to update. They need to update their own processes if they're getting aid estimates out in November, December, so we need that answer as soon as possible. So Jon, any other insights into this level appropriation at the department?

Jon Fansmith: Yeah. No, I think, and I mentioned there were increases across the board for most programs, so the level funding here isn't accidental. It wasn't that they just ran out of money before they got to FSA and the list of items. This is related to the administration's loan cancellation proposal. And Republicans hate that proposal. Republicans in Congress support giving FSA more money. They recognize the challenges they're facing, the demands they have. But the administration putting forward that proposal muddied the waters.

A long version of exactly how that played out, but the fundamental piece is that proposal ultimately led to this level of funding we're seeing. So it's a little bit pick your poison for the administration. You can either go forward with the things you believe in and not get the support you need to do them, or you can abandon the things you believe in and get the money you need to administer the other parts. And not a great choice for them, they stuck to their guns, but it's definitely going to cause a lot of problems across the board.

Justin Draeger: Yeah. And I think Republicans, I understand where they're coming from, they bipartisanly signed off on the FAFSA redo. They extended the deadline by one year, and then the department spent a lot of time and resources on debt cancellation, which was a promise the president made. But if you're a Republican, you're saying, "We said in law you should do this thing, and what we're hearing is you can't get it done on time. Meanwhile, you're pursuing these other policy objectives." So I don't think there's a lot of love loss on that sort of negotiation.

Jon Fansmith: No. No.

Justin Draeger: All right. The next question, as soon as we get appropriations done, Karen, is when will we have the Pell schedules? So when can schools expect to actually see the Pell Grants put into these charts?

Karen McCarthy: Yeah, I know that we always dive deep into all the details on appropriations. And thank you, Jon, for giving us all those details. I feel like we do have some listeners out there in financial aid land who are most interested in now that appropriations are done, when are we getting the Pell disbursement schedules?

And it does usually, no matter when appropriations passes, it always takes the department at least a few weeks to get those schedules constructed.

They are required by law to put them out by February 1st. So I would expect to see those schedules within the next few weeks. As you all recall, last year, by February 1st, we did not have final appropriations. So we had schedules, and then later we got final final schedules later on. This year, we're in a much better spot and that we do have the final appropriations done. So when they come out, they will be the final disbursement schedules. So sometime in the next couple of weeks, Justin.

Justin Draeger: All right. Let's keep moving. The department also, since we've been gone, released a regulatory roadmap. And I don't know about you two, some of it in the roadmap was expected, but I saw some stuff in there that was rather unexpected. Karen, why don't you give us an overview and then we'll dive in.

Karen McCarthy: Yeah, so the department is required to publish their regulatory agenda, I believe twice a year with their, "What's going on in the regulatory space?" Where things stand, so the status of pending NPRMs, when things have moved to final, when they expect things to happen. And in their regulatory agenda that was published late last year, so I believe early this year, it was probably their year end agenda, they listed the status of all the NPRMs that are currently in the hopper that we know about. But then the most interesting part are the topics and their plans to do future neg reg. And they had listed, let me see, I have eight items on the list of topical areas that they plan to address in neg reg over the next year or so. They list the kickoff times for that neg reg as April. And so you'll remember April of 2023, you'll remember the first thing officially in the Federal Register that they put out is the, "We want to do neg reg." It's kind of the intent to negotiate.

These are the topics, here are the dates of the public hearings. They have to have the public hearings to solicit comments, and then they narrow it down. Then they do the solicitation for nominees. It drags on and on and on. So I wouldn't expect that any negotiations will start any earlier than fall, like mid-fall, not September fall. So even though it says April, it doesn't mean we're doing neg reg in the spring. That's just the kickoff of the process. And they do not have a lot of detail at this time in the agenda as to specifically why these topics. So sometimes ED does neg reg because they have to do neg reg because there have been changes in the law and they need regulations to go along with that.

And we know that's coming because we know the change happened to the law. In all of these cases there haven't been any changes to the law, and some of the topics have been negotiated in the past. So we're wondering if what the perceived need is for some of these topics. So I think the jury is still out from our end. We do not know what the perceived need is. We're going to find out.

Justin Draeger: You're really building the tension here, Karen.

Karen McCarthy: I know, I am.

Justin Draeger: But tell us the topics, what they want to negotiate.

Karen McCarthy: I can tell you.

Jon Fansmith: I like Karen's insistence that they actually have to follow need from statutory results to do regulation.

Justin Draeger: Well, in theory.

Jon Fansmith: I like that.

Karen McCarthy: Well, I kind of have to do the buildup here though, because some of these topics, I'm sure people are going to be like, "Didn't they just do that?" And they did just do that. I feel, for our listeners in the financial aid world, that the biggest topic that will jump out at people is R2T4.

Justin Draeger: Yeah. Where did that come from, Karen?

Karen McCarthy: I don't know. We don't know what their sense of what the perceived need is. So I know that a lot of people got really excited when they saw this. Their description is that they're trying to improve this process and reduce administrative burden for schools.

Justin Draeger: Yay.

Karen McCarthy: But I don't know. I guess I'm more of a cynic, and they've tried to do that before, so I'm not convinced that this is a good thing. To me, the jury's out.

Justin Draeger: But wasn't all of this also attached to accountability? So it wasn't just like, "Hey, we want to renegotiate R2T4 to make it easier for schools." Wasn't it also something about, and also sticking to accountability or something like that?

Karen McCarthy: Well, let me see what they said, "The secretary plans to amend regulations, blah, blah, blah, to consider opportunities to protect students and taxpayers while easing administrative burden for institutions of higher education."

Justin Draeger: Well, I'm also a cynic, so I look at the first phrase as about 60 point font bigger than the second part of that phrase.

Karen McCarthy: Yes. Yes.

Justin Draeger: Jon, rescue us here. Bring some light into this, the dark clouds that Karen and I have gathered. What do you see here?

Jon Fansmith: You want me to bring the light? You really have the wrong person to bring the light, Justin.

Justin Draeger: Oh boy, we're in trouble.

Jon Fansmith: You need another guest, I think. No, I mean, step back. The administration came in with a huge agenda. Congress isn't functioning. They can only do it through the regulatory side. They have a big accountability piece that they began to touch on last year, and clearly they are moving forward on it full steam this year. And you saw that in a couple other things. They're going to be looking at gainful employment with some new requirements around warnings that students may have to sign off on before they'll get Title IV eligibility. They're looking at this watch list of low financial value programs, which I think is a new term. I've never heard that term before. It's across everything they're trying to do. And there's a real emphasis on this accountability piece. And some of it, I'm sure they would love to reduce burden on institutions as they do that, but you're right, that's not what the focus is.

Justin Draeger: Right.

Karen McCarthy: Yeah. So my question though, Jon, is that several of these topics have already been negotiated in the last couple years by this administration. So it's not like, "Oh, we need to clean up from a prior administration," on some of these topics. This is round two for the Biden administration.

Justin Draeger: We're not reversing Trump era policy here. We're renegotiating things that were negotiated during the Obama years.

Karen McCarthy: Yeah. So I have those questions. And then someone else also asks, "Wasn't the department just asking for more money for all of the work that they have on their plate? Why would they do optional neg reg now?"

Justin Draeger: Well, I can pick up on what Jon said. Non-functioning Congress, power cedes to the presidency. They're trying to enact change. They have ideologies they're pursuing on affordability and accountability, and they're going to do it without Congress. But I want to pick up on the two things Jon just mentioned. What was the list? Because outside of that, Karen, they also came out with a NPRM, right?

Karen McCarthy: Yes.

Justin Draeger: On IDR since we've been gone. And they also came out with an RFI. They're not required to, but a request for comment on this shame list. So what's the latest — give me the shame list first. What's going on there?

Karen McCarthy: Yeah. Yeah, we refer to this as a name and shame list. And since ED is just disclosing this information, they have the authority to do that. They don't need Congress to release such a list. And they said that they are going to be

published. They did introduce the concept of this. I don't know, when was it? Was it over the summer that they said it was in the works, that they were going to work on this?

Jon Fansmith: The August announcement from the administration, they talked about these things. Yeah.

Karen McCarthy: And in this RFI, they do refer to it as a low financial value program. They were also very clear that they are talking about, A, programs, not institutions, and B, all programs. So this is not limited to gainful employment programs.

Justin Draeger: So it's gainful employment for all, except you don't lose Title IV eligibility because, we don't have time to get in all of that. But they basically are extending consumer information for all programs, based on some metric that determines what people make when they leave school. Is that the metric we're using?

Jon Fansmith: What they borrow and what they make.

Justin Draeger: Yeah.

Karen McCarthy: Yeah, I mean that's generally... And what those metrics look like is what they're asking for public comment on right now.

Justin Draeger: And if you don't meet a threshold, that program is deemed a what, low value?

Karen McCarthy: Low financial value.

Jon Fansmith: Program.

Justin Draeger: So a question, and I know they didn't release data runs with this, I assume.

Jon Fansmith: No.

Karen McCarthy: Oh no.

Justin Draeger: Okay. So is it fair to say that if you are in a public safety job, would a lot of... Is it conceivable that a lot of public safety jobs or even teaching jobs would just be deemed, or teaching programs, just be deemed low financial value programs? Is that possible?

Jon Fansmith: I think it's possible.

Justin Draeger: Because you could have people who borrow a lot or moderate amounts and don't make a lot. Some public service jobs, you don't get paid a lot. Some jobs take years before you escalate. Liberal arts is a good example of this where you do find in the long term, but in the short term, you're not making anywhere

near what an engineer would make. So there are timing issues with this as well. But they're going to do this. They're going to put the shame list out. But then, Karen, they're also going to require schools to tell students in those programs that they're in a low financial value program, yeah?

Karen McCarthy: Yeah. That schools would have to issue a warning to students. And it says before they receive any financial aid to let them know that this is a low financial value program. And so it would be a disclosure only, because as we said, there's no Title IV eligibility tied to this. Because that part, they don't have the authority to do. They have said, because any new disclosure like that would normally go through neg reg. And so that was a little confused on that piece.

Like, "Don't you have to do a neg reg on that?" And what they are going to do is when they release the gainful employment NPRM this spring, there will be a disclosure requirement, not in the gainful employment section of the regs that will allow them to cram this disclosure into that proposed rule. I mean, kind of the end result there is they're not going to do any new neg reg about this disclosure. They're going to use the neg reg that they already did and cram that into that proposed rule.

Justin Draeger: All right, Jon, good thing or bad thing?

Jon Fansmith: Anytime you're trying to improve transparency and help students understand the choices we're making, that's a good thing. I think you can tell from just the way we've been talking about how do you value programs that provide a huge social value but not a huge financial value? Does that make that a bad program? I think we'd argue it doesn't. Timeframe. A doctor in residency doesn't make very much money, certainly relative to the amount they had to borrow to go through medical school, doesn't mean that's a low financial value program. 20 years out for a doctor, you'd say absolutely, there's a huge return. It's a difficult thing they're trying to do. They're trying to do the right thing, but it's going to be very, very hard to do. And what we tend to see is your data's not always great. There's large numbers of students who are exempt from the numbers you're going to collect.

You put all that together with all these sort of variables and questions about where do you draw these lines, what threshold are you a low financial? Is it bottom 20% of programs, in that area? It's just really, really hard to envision this becoming an end product that everyone will agree, "Oh, this is useful. This is influencing student behavior, it's accurately capturing the value of these programs." Their right to try it, and frankly, they're asking for information at this point. I mean, we all know they want to do things with that information when they have it. But right idea, it's-

Justin Draeger: Challenging.

Karen McCarthy: Hard.

Jon Fansmith: Difficult to land this plane.

Justin Draeger: Yeah, I agree a hundred percent. And Jon, ACE and NASFAA have both said more accountability is warranted when it comes to the student aid programs. We have cohort default rates that are so outdated. As an accountability metric, we need more floors of accountability and program accountability. But boy, it gets real dicey when you start making value statements and judgements and metrics on what the ROI of a program should be and when that ROI right should happen. So they definitely have some challenges. I would just say in terms of process, hopefully, and I know the department is often resistant to this, but hopefully it's not just one RFI. I would love to see an RFI, I would love to see an actual data run, and then actually have another comment period. Because I mean, I think a school could make an argument that there is material harm being caused by the department if this isn't fully fleshed out.

And let's just say you have a school with a public service program where it's deemed low value, and then you see the enrollments in that plummet because of a direct intervention required by the department from school. So I do think we have to think through some of the caveats where this just might not hold true. But overall, needed. And the only other thing I would just add to this is for those who are wondering about accountability, I would just point out, this is coming from the Biden administration. Last August, Virginia Foxx, who is now officially the chairperson of the House education committee, also put out a bill with significant accountability metrics in it. So much so that it would incentivize schools purposefully to think about differential tuition, so that people would borrow less in programs that don't pay off. We don't have time to get into all of that, but I would just say accountability is a goal of the left. Accountability is the goal of the right. And so, accountability is coming. Now, I can't predict when or exactly how, but both sides are interested in this. Do you guys agree?

Jon Fansmith: Oh, absolutely.

Karen McCarthy: Yeah.

Jon Fansmith: It's the big overlap area where there's bipartisan consensus. And frankly, not just on the idea of it, but a lot of the ways to get there too. So it's coming.

Justin Draeger: All right, Karen, without getting into the process, Karen, can you just give us the flavor of the new IDR proposal?

Karen McCarthy: Without getting into the process.

Justin Draeger: I don't want to get into the process. No, I don't want to talk about the process. I just want to know... Yeah, go ahead.

Karen McCarthy: Yeah. Before we move off the RFI, I just wanted to mention that there is no timeline given. There's a 30-day comment period. We have no idea how soon

any of this is going to be rolling out. I'm sure there are some of our listeners who might be a little anxious about that and this name and shame list, and when is that going to come out? There are no details on that. I don't know if ED knows and they're not releasing or what, but we don't know that yet. Okay. So on the new IDR plan that ED just rolled out in an NPRM, there are a lot of changes to the different components of an IDR plan that we all know and are familiar with — the time to forgiveness, the percentage of your discretionary income, what the discretionary income protections are.

All of that is a lot more generous than we've seen before. So the details on the provisions of that plan were released in a Today's News article on Thursday, today, so Hugh can add a link to that in the show notes. But generally, I would say that I know that whenever we get new IDR plans, in the past, it has always been a new plan and there haven't been any changes to old plans. And so, this is a different approach in that they are changing the existing REPAYE plan and they're going to start to phase out some of the other income driven repayment plans that we have right now, which I feel like they're finally seeing the light on that because I feel like we, and lots and lots of people, all of the non-federal negotiators show up every time and say that we need to get rid of some of the other plans, not just make a new one. So I feel like they have seen the light and the need to do that as well.

Justin Draeger: So we're going to be streamlining the number of plans. It's going to be more generous for borrowers that borrow less than 12,000. They can have 10 years instead of 25 years to forgiveness. So just across the board, a much more generous plan. There are probably some side effects to all of this that we'll have to talk about later. I think somebody we've had on the podcast here, Kevin Carey over at New America, has made the argument that this is not free college on the front end, but for a lot of borrowers it might be free college on the back end. So there's a lot to dive into here. We don't have time today, but that is out. Jon, did you have something you want to say?

Jon Fansmith: Yeah, I was just going to say, I mean, fascinating to bring up the Kevin Carey quote, New America identified with the left. Virginia Fox's press release when this was announced was this is backdoor free college. Left or right, we're talking about where there's overlap. Difference in terms of whether that's a good thing or a bad thing from their perspectives, but they're both seeing it fundamentally in the same way.

Justin Draeger: They see it the same way. They just have a different value judgment about whether that's good or bad. All right, Jon, Karen, this has been a longer episode. That's okay. It's the first one back, a lot to talk about. Really great to see you both on the other side of the new year. Hugh, thank you very much for producing and editing this week. Good to see you. And we want to hear from all of our Off The Cuff folks. If they haven't yet, they can join an Off The Cuff community. You can join the Off The Cuff community. I haven't looked lately, but last time I checked, Hugh, what, what do you think, like three million people in that community?

Hugh Ferguson: I think that's severely underestimating things.

Justin Draeger: Okay. Okay, good.

Karen McCarthy: That's great. If I'm looking at the Slack channel, there are 118 members.

Justin Draeger: All right, 118 colleagues.

Karen McCarthy: Three million sounds better.

Justin Draeger: Yeah. All right. Good. So remember to leave us a comment. Remember to subscribe. Remember to leave us a rating on your podcast of choice. That helps other people find the podcast and the content we're providing. Jon, congratulations on the promotion and we'll be glad that you'll still be with us on Off The Cuff. And Karen, Jon, everybody, have a great weekend.