

# NASFAA's "Off the Cuff" Podcast – Episode 297 Transcript

## OTC Inside the Beltway: Debriefing the Temporary FAFSA Filing Fix for Mixed-Status Families and Cardona's Senate Hearing

Speaker 1:

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Justin Draeger:

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

Jill Desjean:

I'm Jill Desjean with NASFAA's Policy Team.

Rachel Rotunda:

And I'm Rachel Rotunda, also with NASFAA's Policy Team.

Justin Draeger:

Welcome, Jill and Rachel. And Maria, welcome to you for producing and editing this week. Maria, I have one request, I want you to keep in every single cough that I produce this week so everybody feels badly for how sick I am and I still showed up for this podcast. Can you do that?

Jill Desjean:

Listen, Justin, you'll remember I had a very unfortunate episode of a coughing fit on a webinar a year ago.

Justin Draeger:

I love this story. Yes, because I don't know if everybody remembers this.

Jill Desjean:

Well, everybody remembers.

Justin Draeger:

Well, you remember, because like me, you go beyond self deprecation into self flagellation and beating yourself up to no end. That's a trait of latchkey Gen Xers. But yes, go ahead.

Jill Desjean:

Well, I was just going to say, you will get a lot of sympathy, because after, I really did get a lot of phone calls and emails. It was just like, "Are you okay?"

Justin Draeger:

I did feel like, during that webinar, somebody, one person, and I don't even think it was very serious, one person popped off in the comments and was like, "Is this woman all right?" Or something? Everybody was like, "You shut your mouth. That's Jill. Jill's our favorite," or something. And everybody climbed all over this person.

Jill Desjean:

Well, I wasn't all right. It was a legit question. I was clearly was not okay.

Justin Draeger:

I think I was on this webinar. Was Karen on this webinar too? Were you on this webinar, Rachel?

Rachel Rotunda:

I don't think so, but I remember hearing about it.

Justin Draeger:

Jill was suffering, legit suffering. But the funny thing was I thought I would break in and be like, "Hey, Jill, do you want to get some water? And we can jump in and take this for a second." But you would not stop talking. You just really...

Jill Desjean:

I kept going, because I didn't want to have an uncomfortable pause to... I wanted someone to rescue me, but I wasn't sure that's where you were.

Justin Draeger:

But you wouldn't leave an inch for us to jump in.

Jill Desjean:

I wasn't able to think. I was in a place, I was oxygen deprived. It was, yeah, I wasn't...

Justin Draeger:

I just want to know what's going on in that situation. It's a webinar for God's sake at NASFAA for financial aid people. It wasn't like this was the State of the Union or something.

Jill Desjean:

Justin, you know I treat my job very seriously.

Justin Draeger:

Yes. Thank you for that.

Jill Desjean:

Yes.

Justin Draeger:

I want you to know it is the most important thing that is happening today. However, on the other hand, you could have just stopped for a second and been like, "Hey, I just need a drink for a second." But you just kept going.

Jill Desjean:

Now, I know.

Justin Draeger:

Maria, is there any chance we can get our hands on that clip and just...

Rachel Rotunda:

No, no, don't do that to her, Justin.

Maria Carrasco:

I think it was the virtual conference actually.

Rachel Rotunda:

Oh, was it the Virtual Conference? I want to say it was.

Jill Desjean:

It was, yeah, so stakes were higher, Justin. Almost to the level of State of the Union, almost there.

Justin Draeger:

Well, now, you've got me. That's true. This was State of the Union stakes. True.

Rachel Rotunda:

You have me wondering now what would happen if that happened in the State of the Union? I don't know. I bet there's a contingency plan for that.

Justin Draeger:

I don't know. With President Biden and the age situation, who knows what? We'd still be talking about it, but...

Jill Desjean:

Well, guess what never leaves my desk now.

Justin Draeger:

You've got three inhalers.

Jill Desjean:

I have one in the drawer, one up here, because my family takes them all the time. I'm like, "Do not touch them." They have my name on them.

Justin Draeger:

So for people who are just listening, Jill just whipped out an inhaler. She's got six of them strategically placed all around her at once. Well, Jill, you are a person after my own heart, because I also have drugs scattered everywhere at the office, at home, on every floor. I like to have drugs within reach at all times, wherever I am, like in my truck, I have them in my wife's van. I've got drugs. If I show up and I don't have extra strength Tylenol, an inhaler, triptans, in case I have a migraine at any time. I just have everything.

Jill Desjean:

Eyedrops.

Rachel Rotunda:

I'm really glad you started listing some of the drugs that you like to have. Jill and I just finished media training this week, and if I learned one thing, it's you do not want to make yourself vulnerable to a bad sound bite. And I feared that that might be the...

Justin Draeger:

Oh, the drugs. Well, I have already resigned, so let it go.

Rachel Rotunda:

This is true. This is true.

Justin Draeger:

Well, I just want it to be known. That's true, Jill, you've one upped to me. If I get sick and go into a coughing fit, I will just stop. Okay. So you can rest assured, we'll be...

Jill Desjean:

And I'll jump in to rescue you.

Justin Draeger:

To be clear, I have a head cold, but I feel like I cannot go on. A head cold for me is like the end of the world, and that's how I feel. Yeah, okay. I'm getting [inaudible 00:05:31]

Jill Desjean:

I hear you. No, when I get a cold, I'll tell Greg, I'm like, "Just put a pillow over my face." I'm like, "Just end it. There's no sense of going on." I hate feeling sick.

Justin Draeger:

I get uncomfortable by the slight... I'm like "The Princess and the Pea," if I can't even breathe out one nostril correctly, I'm like, "I can't function. It's too burdensome to go on."

Jill Desjean:

And I take it as a personal affront like, "I don't deserve this."

Justin Draeger:

"What did I do?"

Jill Desjean:

"What did I do?" Right. I'm like, "I take care of myself." Yeah.

Justin Draeger:

Yeah. I make my kids wear masks, by the way, I caught this from my youngest who we were just talking about before the podcast. He has had a mask on when he's on the same floor as us. So I don't know exactly how this contamination spread, but I will be getting to the bottom of it and punishments will be handed out, rest assured. All right, let's get into what this podcast is actually about, fun with FAFSA. Jill, you're on today. Karen is traveling back from a conference. So I think we've got some good news, maybe some bad news, and then, another category you've thrown in, which is other news. So I don't know what that... I'm really excited...

Jill Desjean:

I've chosen not to categorize it. You decide.

Justin Draeger:

There's that which cannot be categorized. Let's start with the good news.

Jill Desjean:

Yeah. So good news, couple pieces, good news. FSA has processed nearly all FAFSAs impacted by data issues, as of a couple of days ago. They said nearly all, to give themselves a little bit of cover, because they know there are still some isolated issues, things like a blank SAI, and they're kind of chipping away at those, but they don't see them as broad systemic issues, where sort of with some kind of process that they could run, they could fix them. So what they feel like is left is sort of more isolated things that need to be addressed in smaller...

Justin Draeger:

Did they get this done faster than they thought they were? Obviously, everything is late.

Jill Desjean:

Yeah, they said May and it happened in May, but sometimes, they said December for the FAFSA and it was the end of December. So yeah, no, I think they had even said early May, so I think they exactly met their deadline.

Justin Draeger:

Is that it for good news?

Jill Desjean:

No, there's more. There's more.

Justin Draeger:

Okay, good.

Jill Desjean:

The other one, this is probably better news, maybe I should have started with this, FSA has implemented a fix that should allow most people without a social security number to complete their part of the FAFSA.

Justin Draeger:

So these are the mixed-status families?

Jill Desjean:

So generally speaking, this is the parents or spouses of a student who don't have a social security number. But there are some students who actually don't have a social security number, if they're from the freely associated states. They don't have SSNs, but are eligible for federal student aid. And so, that department has put into place this fix, which is actually turning off the identity validation requirement for people without social security numbers, so that they can submit the FAFSA. Their validation process is still required. They still have to go through it. It's just it's not going to stop them from completing and submitting a FAFSA anymore, which it was doing.

Justin Draeger:

So we're not opening up fraud here. It's just the validation will happen at a later time?

Jill Desjean:

Right. It's weird, the validation is only necessary for the FADDX, the exchange of data from the IRS to the Department of Education. That doesn't work and hasn't been working. So there's really not a need right now for the validation, but they still want to go through the validation process. Because they're saying, "Well, if we get this FADDX issue fixed for this population," right now, they're manually entering their tax information.

Justin Draeger:

So there is a good news bad news here. The good news is these folks don't have to do a paper FAFSA. The bad news is they can't actually realize the benefits of the online FAFSA.

Jill Desjean:

Exactly. Right. And you got to think mixed status families are probably among the ones that are going to struggle the most with the FAFSA, with the wording of the income questions and everything else. So yeah, it certainly is not realizing the benefits of FAFSA simplification, but we're kind of at a point where being able to fill out a FAFSA is pretty awesome.

Justin Draeger:

I feel like, Jill, these families have received a lot of conflicting information since the beginning of this. They were told, at one point, to go fill out a paper FAFSA. So I guess a couple follow-up questions, what if they filled out a paper FAFSA? Are they supposed to go fill out an online one now? And what happens when their paper FAFSA is eventually processed?

Jill Desjean:

So the department is advising them to go out, if you filled out a paper FAFSA, to go out and fill out an electronic version. And that just tells me that the department is not planning on processing paper FAFSAs anytime soon, because I don't know why else. That is not without its challenges. Because the idea behind filling out the paper FAFSA was sort of get in the queue, get in line for your state aid, if your state has a deadline for institutional aid, if they have a deadline. And so, if you go and you fill out an electronic FAFSA, now your FAFSA submission date is going to be the date that you filled out the online FAFSA, not the date that you filled out the paper FAFSA. So yes, you have one submitted and processed, but you might've lost your spot to get some types of aid.

Justin Draeger:

And if there's conflicting information between these two forms, what happens then?

Jill Desjean:

Don't know. Yeah, I'm not even really sure what would happen then.

Justin Draeger:

Any other good news before we move on to bad news?

Jill Desjean:

Yeah, I guess I would just say the department is doing their part to reach out to these students as well. So not only are they fixing this no SSN issue, but they are letting students know, "Hey, if you got tripped up, you can go ahead and now complete your FAFSA." One of the issues, however, I guess, is that there's been misinformation out there. I don't know from what sources, but the department was saying that the incorrect email address for where to submit your identity validation documentation was wrong in some places. And so, students might think they've started that process, but the department isn't even aware that they have done anything.

And so, they can't send emails to these students because they don't know who they are. So they're doing social media outreach as well to try to get them. But it is unfortunate, because there are probably some students in that pipeline who have been held up from completing the FAFSA, think they've done what they need to do to get on that path, and yet, are not being directly notified, "Hey, you can go ahead and finish your FAFSA now." So it's going to take a lot more effort, not just by the department, by college access people and the financial aid people to make sure that students know that, if they have someone without a social, that there is a way for them to complete their FAFSA now.

Justin Draeger:

Got it. Okay. Anything else?

Jill Desjean:

Nothing else good.

Justin Draeger:

Okay, let's move on to bad news.

Jill Desjean:

Yeah. Well, for one thing, great news that FSA is making more progress toward getting more people able to fill out their FAFSA. But of course, even if there are small numbers of people who can't fill out their FAFSA, if you're one of those people, I don't think it's super satisfying to hear that the department's making all this great progress, other than to say, well, I guess they're closer to fixing your issue. But I still feel like that that's a piece of bad news.

Schools do still have non-rejected ISIRs, that don't have an SAI calculated for them, and the department is still trying to resolve that. Schools, of course, are still waiting on the corrections process to open. Students can make corrections, but schools cannot. And there are scenarios where the school is the one that needs to initiate the correction. PJ is like the biggest example, but there's lots of other stuff too. So we don't have an estimated timeline on that. And of course, paper FAFSAs, we're still waiting for those to get processed. The advice is go and fill it out online, but of course, not every person who did a paper FAFSA is going to do that. And I already mentioned the downsides to that.

Justin Draeger:

Okay, thanks very much. Let's move on to the other news.

Jill Desjean:

Yeah, I do think this is pretty neutral for us. I guess this is why I put this in the other. There will be more reprocessing. So this week's reprocessing was the FADDX issues with the IRS data that was transferred incorrectly. There will be more reprocessing, but there will be no changes to SAIs from this reprocessing. So from the financial aid administrator perspective, this is a neutral event. And apparently, I didn't even know about this issue until they said they were reprocessing to fix it. But students will list the schools they want to receive their FAFSA data in some order, and I guess the order that was coming through on the ISIRs was random, or at least was not the, I don't know, wasn't the order they put them in. And so, the department is going to be reprocessing all of those to put the school codes in the order that the student listed them. And that's important for many state scholarship programs. Students actually only qualify for the state scholarship if the student listed an in-state institution as the first or in the first three. Different states have different rules on that.

Justin Draeger:

Yeah, so that'll be important for the states. Will that create an additional transaction number...

Jill Desjean:

Yeah, the schools will get a new transaction. It'll have a reprocessing code of 07, which will say something to the effect of, "This is fixing school code order."

Justin Draeger:

That shouldn't generate a verification code or anything?

Jill Desjean:

No, no.

Justin Draeger:

Okay. All right. So we are, it feels like, inching forward. And as you pointed out, even if you're one of the school students that's still own the queue, at least you're moving up in the queue, in order of things that

are getting fixed. So we'll stay tuned. We also have more survey data that's come out, right, Jill? We're doing surveys every week, and we are starting to see our response numbers start to shrink a little bit. So we're understanding that, if I'm an optimist, more people are probably at work packaging at this point. There's a huge rush right now, because ISIRs are reprocessed on campus getting out the door. But what's the new data show us?

Jill Desjean:

Yeah. So I think, to your optimism, we are seeing a trend where the share of schools that are saying they have started sending aid offers has been going up over the three weeks that we did this survey. And conversely, the share of schools who hadn't, who are reporting they hadn't begun packaging, has been declining. Started at like 54% our first week down to 44%, then down to 34%. So it seems like we are on a good path toward having more financial aid offers out the door. And that's kind of not surprising. We've been saying all along, "We're ready, we just need good data." As soon as we got the good data, the aid offers started going out.

Justin Draeger:

And again, that's not a surprise. We've been waiting for the data and the correct data. All right. Good news there. All right. Anything else, Jill, on the FAFSA?

Jill Desjean:

One more piece of data from the surveys. We also asked schools, I think for the first time this week, about whether they are originating aid [inaudible 00:16:12] grants or direct loans via COD, because COD just opened right when we put that survey out. And unsurprisingly, schools were behind where they were at this time last year, because COD was open a month earlier than it was this year. What was really interesting to me was that we also just didn't see, we didn't just ask, "Are you originating aid?" We asked first half of May, second half of May, first half of June, second half of June. We never saw a point where people caught up this year to where they were last year.

Our last option was August or later, and 95% of our respondents said that they had sent out their origination files by August or later last year. And only 90% said that they would have originated their aid at that point. So that makes me a little worried about disbursements for the fall. You can't disperse until you've originated aid. And it's just sort of like you would've expected that, by the beginning of July or by the end of July, that those numbers would've matched last year and this year. And at each point, the numbers are lagging behind where they were last year.

Justin Draeger:

Yeah, what do you make of that? Is that just a general sense of uncertainty that schools aren't willing to say that they'll certainly have their disbursements out? Because what's the alternative to not having your disbursements out?

Jill Desjean:

Exactly right. Yeah, when school starts, you have to... I guess, you don't have to. If you want to open your doors and have air conditioning in September, you're going to need to have your disbursements for the most part. So yeah, I think it probably is uncertainty maybe, and people are probably feeling pessimistic and are just like, "I don't know. July?" And then, maybe once all of their aiders are back and students have responded to them, committed to where they're going, everyone's got a different process for how they originate aids, some sort of take an approach where they originate everything and then,

sort just wait and see if students actually want the aid or not. Others hold off until they have a commitment from the student.

Justin Draeger:

Just in time origination.

Jill Desjean:

Yeah. So yeah, it's reflective of the amount of work they have to do right now that, when COD opened, they weren't all just like, "Let's go ahead and originate all our aid." They're not ready. So there's just so much more work to be done.

Justin Draeger:

Okay. Thanks very much, Jill. And shout out to you, Jill, because it's one thing when I see Jill or Rachel or Karen on national news, I don't know if you all feel this way, to me, when I see you on the national news, it's like, "Oh, well there's Jill or Rachel or Karen on the nationals." But last night, Jill, you were on the local news, and I don't know if you know that.

Jill Desjean:

I saw in Slack, I do not watch the local news.

Justin Draeger:

Whoa. Wow. Support local news. How do you get your weather?

Jill Desjean:

On my phone.

Justin Draeger:

Wow. Yeah, you're very modern. I used to do that on my phone too, but now, when I sit down at the end of the day, when I get home, I actually turn on the local news. And there you were on WUSA9 CBS affiliate. Yeah, there was Jill Desjean.

Jill Desjean:

One of our members took a picture of me on their screen, and they caught me making a face. No, just like...

Justin Draeger:

Oh, angry.

Jill Desjean:

And she was like, "I know this isn't the most flattering picture, but you look [inaudible 00:19:26] the rest of the time." I was just cracking up.

Justin Draeger:

Well, it was me, Deanne, and our daughter was there. We all saw it. And if I cared enough, it was definitely recorded. I could have gone back and got a video, but I didn't care that much.

Jill Desjean:

Okay.

Justin Draeger:

Well, I just wanted to tell you.

Jill Desjean:

Thanks for sharing that. You care a little, but not a lot. Sure.

Justin Draeger:

I did care enough to go into Slack and say, "Well, hey, yeah, you were there."

Jill Desjean:

Appreciate it.

Justin Draeger:

You're welcome. Rachel, a lot's been happening on the Hill. Just this week, Secretary Cardona was up in front of the Senate Appropriations committee, and I guess it was a subcommittee hearing, is that right?

Rachel Rotunda:

Yeah, that's right.

Justin Draeger:

And of course, he was up defending the President's budget for this next year. But as is often the case when you are having a budget committee hearing, things tend to divert into all sorts of other topics. And this year, being what it is, FAFSA had to be top on the agenda. Is that right? Tell us about the tenor of the hearing.

Rachel Rotunda:

Yeah, so FAFSA came up quite a bit really from the jump. So this topic came up in the opening remarks of both the Chair of the Committee, Senator Baldwin, as well as ranking members Senator Capito, the Vice Chair of the full Appropriations Committee, Susan Collins, was there, and she also talked quite a bit about FAFSA. So yeah, it was really, I would say, one of the main topics that was touched on really across the board. The general tone, I would say, was concern, alarm, frustration really over this whole debacle and the impacts that it's going to have on college access and student enrollment both this year, but also, for years to come.

I thought something that was really notable is that, as was probably expected, I think Republican members were maybe a little bit harsher in their remarks and in their lines of questioning than the Democrats were. But I think it was actually really similar to the House hearing that you testified in a few weeks ago, Justin, where we actually saw members on both sides of the aisle really sharing frustration

and concern and really both hitting on some of the same talking points. The way they went about it might've been a little bit different, but it was, I thought, pretty bipartisan in that respect.

Justin Draeger:

Well, let's, on that note, let's hear from Senator Baldwin, who was chairing the hearing. Let's hear a little clip from her in her opening remarks.

Senator Tammy Baldwin:

I'm deeply concerned about low FAFSA completion rates, particularly given the promise of FAFSA simplification, to make it easier for students to apply and ultimately help more students pursue post-secondary education. I know you and your staff are working hard to fix these issues, but I cannot emphasize enough how important it is that we get this right. Accessing this aid can mean the difference between someone being able to go to college or not.

Justin Draeger:

So that's from a Democratic member of the Senate. I wanted to contrast that with the Chairwoman Senator Capito, who then, in her line of questioning, sort of hits sort of the same notes. And then, Rachel, I'm wondering if you can sort of compare and contrast if this sort of went on throughout the rest of the hearing. So let's go to Senator Capito.

Senator Shelley Moore Capito:

I am particularly concerned by the disastrous rollout of the new FAFSA for 2025 school year. I don't normally come before folks who are doing the best they can do in the jobs they're in, but this has just got me totally undone. Because it's got everybody in my state and across the nation just appalled at how this could be handled so ineptly. Congress even gave the administration extra year to complete it, but instead of prioritizing this important work, the political leadership at the Department of Ed chose to spend time, resources, and personnel to advance the administration's priorities around canceling student debt. To me, that is indefensible.

Justin Draeger:

So Rachel, I guess I would say both sort of emphasized this fact that I guess they didn't spare any lashes when it came to the fact that this has been really harsh on their constituents and on their students.

Rachel Rotunda:

Yeah, that's completely right. I felt like that tone was struck by both sides. I think you can hear a little bit of the differences in the chair and ranking member, I think it was Senator Collins at one point asked the Secretary, "Have you apologized to students and institutions?" So there was definitely a little bit more of a maybe an accountability piece that the Republicans were going after. But really, I thought that was a common thread between Democrats and Republicans, this tone of concern, just really significant concern. And I would say, definitely, from Senator Capito.

Yeah, we even heard Senator Capito in a, I would say pretty, for as much as a member gets emotional, kind of an emotional way, sort of saying, "I'm concerned about this. And I don't normally come after folks who are doing their best in the jobs that they're in. But I'm just really kind of wound up over this, because I'm hearing about it across my state, across the country, students and families that are really just," I think she said, "appalled at how this could have been handled so ineptly," I think was the exact

quote. And so, we definitely saw significant frustration in a way that I think we've seen in some other hearings, but I thought it was really front and center in this one.

Justin Draeger:

Thanks, Rachel. Senator Collins, who you said chairs the larger committee, was there. She asked a question that I thought was pretty pointed as well, and Secretary gave a response, let's listen to Senator Collins' question and then, let's hear the response.

Senator Susan Collins:

I just don't understand why, given that the department had more than three years, given the fact that Congress was very specific on what should be done, no more hundred questions on the form, for example, what happened.

Secretary Miguel Cardona:

Thank you for that. And Congress, Senator, I do share the frustration you share. Our kids deserve better, and we are working around the clock to make sure it improves. We've had delays, we had issues with some of the coding that we had to make changes to. And it is an overhaul. It's not just a new website, it's an overhaul of a new formula. It required engaging with tax information differently. So look, there's no excuse, our students deserve better, and I'm committed to making sure the process works, to make sure that more students have access to higher education and to a simpler FAFSA, a FAFSA process that encourages families to engage and give students an opportunity for higher ed.

Justin Draeger:

So in this Q&A from Senator Collins and then, the Secretary's response, he kind of walks up to a line, and maybe this has become more symbolic at this point, but the line that I think everybody's sort of waiting for the department to cross is a line of just offering an apology. And I'm just wondering, during this hearing, at some point, was an apology offered? Or are we still dancing around this?

Rachel Rotunda:

I think we're still dancing around it, but as I was preparing for the podcast today, I was reading back through some of his remarks and some of his answers, and I did make a note that I feel like we are getting closer to that line where he said, "There is no excuse, our students deserve better." So I felt like that was a tone... We've definitely heard acknowledgments from the department. "We know this is frustrating. We know it's not good." I thought he went a little bit further in this hearing than we'd seen in previous public statements.

Justin Draeger:

There was one of the response the Secretary gave, where he did talk about our community specifically. And I think this was a part of a longer answer that he was giving, but he was in agreement that this has been hard on students. Let's listen to the Secretary Cardona in this answer.

Secretary Miguel Cardona:

I'm in agreement with you. We have to get it right for our students, and this is going to have an impact for generations. And yes, the process did involve testing and getting information from colleges. We've been in constant communication with financial aid directors across the country, with college presidents.

I've been in those conversations myself, to test out processes, to hear from them what needs adjustments, and we've been adjusting. So I recognize the strain it's put on colleges, on financial aid offices, and they've bent over backwards to really meet students' needs. And we are appreciative of that, and we're listening to them as we're making decisions moving forward.

Justin Draeger:

So Rachel, in this one, I think we could quibble a little bit about the amount of testing that went into all of this. Clearly, it wasn't enough. I think that's pretty clear. Most financial aid offices would agree that whatever testing was done wasn't enough, otherwise we would've...

Rachel Rotunda:

They needed a little bit more.

Justin Draeger:

You're right. And in terms of constant communication with financial aid directors, I do know that the Secretary and leadership at the department have been in a lot of communication with us and schools over the last couple months. And as we pointed out in our hearing, some of this was a little bit like closing the barn doors after the horses are out of the gates. So better late than never, we'll certainly say that, but some of this just came after the disaster had already hit. There is one other Q&A I want to hit on, and I wonder if it was a surprise to you like it was a surprise to me. So let's listen to an exchange between Senator Baldwin, who was asking the Secretary about the '25-'26 FAFSA. Let's listen to this exchange.

Senator Tammy Baldwin:

Thank you for that answer. While we are still working on FAFSA, this cycle, we know that next year is right around the corner, and students cannot bear another year of delays. So can you commit to an on-time launch for the '25-'26 FAFSA by October 1st of this year? And will you commit that colleges will get all the data that they need from the FAFSA as soon as the FAFSA is launched?

Secretary Miguel Cardona:

Thank you. Yes. This is something that we've been focusing on, while we're rolling out this year's FAFSA, thinking about next year's FAFSA. And I commit to make sure that we're moving all of our resources to make sure that we adhere to the timelines and do everything in our power to make sure, not only that we're staying true to the timelines, but also communicating with parents, students, and schools.

Senator Tammy Baldwin:

Okay. So will you be able to reach the October 1st deadline?

Secretary Miguel Cardona:

That is our expectation to reach the October 1st deadline.

Senator Tammy Baldwin:

Okay.

Justin Draeger:

So she really, Rachel, really pinned him down on this October one deadline. He seemed to confirm that the FAFSA would be available for '25-'26 on October one.

Rachel Rotunda:

Yeah. Yeah. The kind of first answer he gave was a little bit squishier, where it was like, "We're working towards that, we're making resources available." And then, she followed up, when she gave him that follow-up question, he, I thought, was pretty explicit. And I know my eyes got pretty wide when I heard him give that answer.

Justin Draeger:

Right. Because the first answer was sort of like, okay, how do we read into this? What's going to be available? Is it going to be some template? Or is it soft launch or whatever? Come up with the language. Is it available, but nobody can fill it out or it doesn't go to schools or figure out the way? But on the second one, she really did kind of pin him down a little bit here. I don't know. I don't know. I don't know how to feel about that, because how much confidence do you put in the fact that the FAFSA will be available ready to go on October one?

Rachel Rotunda:

Is that a question to me?

Justin Draeger:

Yeah, sure.

Rachel Rotunda:

I don't know.

Justin Draeger:

How do you feel?

Rachel Rotunda:

I'll be honest. I was surprised he gave that answer, just because we know that we haven't seen our dropped FAFSA yet. We are concerned. I don't know that I have a ton of confidence. I do feel like one thing that we have consistently shared with the department is that it's incredibly frustrating when they're not transparent about deadlines that are going to be missed until the very last moment. And so, I don't know if I should be hopeful, because he was willing to make what seems like a commitment, or if we should be prematurely frustrated, because it seems like that it is still a question up in the air of whether it'll be ready by October one. And he did make that commitment. I don't really know what to make of it. I think something that I would just remind folks of is that this question was really about, is the FAFSA going to be out October one?

And it seems like he made that commitment. What we did not get clarification on is, will ISIRs be flowing to schools? Will everyone be able to fill out the FAFSA October one? Will paper FAFSAs be processed? Will all of these other things, as has we really illuminated this year, are so important to the student aid timeline? We didn't get any type of commitment on anything like that. He wasn't asked about it. But that's something that I think we are continuing to amplify on the Hill and with the department, it's like, yeah, we need a form that works and that students can fill out and does not have the glitches we saw

this year. But we also need all of these other things, because without those, the cycle cannot move forward.

Justin Draeger:

Yeah. Should we put down money on whether the FAFSA will be fillable and completable by students by October one?

Rachel Rotunda:

I don't think that's an exercise I'm going to be participating in.

Justin Draeger:

So you wouldn't put money down?

Rachel Rotunda:

I would not put money down it's going to be open October one. I hope it is. I hope it is a working form. That would be amazing.

Justin Draeger:

Jill, how about you? Would you put money down?

Jill Desjean:

I worry, I guess what I'll say, is that it'll be sort of like it was technically ready on October 1st, the way technically met the statutory deadline this year, right? They rushed, because they have the state in mind, "Must be out, must be out." Because the Secretary committed to it in a hearing and that they still have the FADDX issue for the no SSN people. We still have lots of questions on the FAFSA that don't work for students, and students are answering them the wrong way. So yeah, maybe they can get something out by October 1st. I'm sure they can do something by October 1st, but we don't want something, right? We want the FAFSA the way it used to be, like everybody goes in there and completes their FAFSA. I can't imagine they can do that by October 1st. But I think they could probably do something that would say, "Hey everyone, we did by October 1st."

Justin Draeger:

Whose job is it at NASFAA to find out whether we can collect and put money down at this at the NASFAA conference in Milwaukee? Can you guys look into that and then, we can see if we can do any sort of legal gambling at our conference?

Rachel Rotunda:

Yeah, we'll make a note.

Jill Desjean:

Hundred percent.

Justin Draeger:

Okay, thanks. This is how my staff puts me [inaudible 00:34:33]. "We'll make a note." Got it. Thank you.

Rachel Rotunda:

Justin. I have one more comment on the hearing.

Justin Draeger:

Yeah, go ahead.

Rachel Rotunda:

That I think you touched on earlier with Secretary Cardona's response, where he talked about how hard aid administrators have been working. Even before he said that, as I was watching the hearing, I jotted down a few times where I felt like members, the concerns and experiences of the aid community were being mentioned in the same breath as concerns around students and families. We heard Senator Collins, she said, "I've heard from countless families, students, and financial aid counselors, who have expressed frustration." We heard Senator Capito say, "Implementation has not made things better for students or administrators." So that made me really happy, as someone who works with the aid community, that our concerns and experiences are being heard by lawmakers and are top of mind for them. And I thought there were just several points throughout where I was kind of struck by it that the concerns that we have are not being lost in all the fray. They are things that are really at the forefront of what lawmakers are thinking.

Justin Draeger:

Well, kudos to you and the team, Rachel. I know you've been in touch with the committee and their staff leading up to this hearing, and they were asking you a lot of questions about where things stood with the FAFSA and what type of questions might be appropriate for the Secretary. So good work there. Let's turn our attention to one final thing going on inside the Beltway. This last week, the Chief Operating Officer at FSA, Richard Cordray, resigned or announced his intent to resign as Chief Operating Officer. One thing that may not be clear, and we might get a little weedy here, is the chief operating officer, when they sign on, is permanent, they sign a contract. So they are employed under contract and that contract is normally for three years. And so, this contract was due to expire already in the month of May.

And it sounds like he'll be staying on through June-ish to help with some transition. How exactly this transition will transpire is not yet clear. And I don't have a lot to say about Mr. Cordray. I don't know Rich personally very well at all. We've certainly worked with him and worked with the FSA staff quite a bit. And NASFAA didn't have, although we were asked many, many, many times by the press to comment on his departure, our response was no comment. We've already said all we're going to say about the FAFSA rollout, whether people should be held responsible and equated that back to what would happen on campus, for example, if an aid director or a president had delayed financial aid for an equivalent amount of time. So we said all we were going to say about that. We're certainly not going to take any glee in someone's dismissal over this, because we're not taking any glee in where we are today.

I think we would all agree we would rather not be in this position. And that includes our colleagues at the department, folks on the Hill, students and families. None of us want to be in this. So this is not about any sort of retribution or anybody taking glee and anybody paying any sort of price. So none of that. I do think it's worth though revisiting sort of FSA and this role of chief operating officer. I've lost count, although it's been in the press now, and probably folks on the NASFAA staff, can remember how many chief operating officers we have had in the last five years. But it's been a number, and that spans two administrations. And if we were to back up even further and count the number of chief operating

officers over the last 10 years and compare that to the number of chief operating officers the 10 years preceding that, I think you would see an exponential increase in the number of chief operating officers.

So all that to say is this has become a very unstable position at the department, and it's very different from how it was originally conceived. So FSA came out of the '98, I think, amendments, if I'm remembering correctly. It was a performance-based organization. And this came out of a whole reform out of the Clinton-Gore administration. And the idea was to create agencies in the federal government that were quasi-public private. So they were given private sector flexibilities, in terms of hiring and contracting, and you could give bonuses to employees in a way that didn't exist in the public sector, previous to that. And there are only three performance-based organizations and the entire federal government today. And with that, you would hire a chief operating officer, almost like you would hire a CEO or a COO at a private company, and they would be hired under contract. And they would not necessarily be career staff, but they also wouldn't be political staff.

And today, chief operating officers turn over, just like political. So when a new administration comes in, they wipe out the COO and they appoint a new one, like they would a political. And that's just very different from how this was all conceived. And Rich Cordray was very much like a political, he started the CFPB, which was conceived as an outgrowth of the Obama administration, had run for senate in Ohio as a Democrat, had been an attorney general as a democratic candidate in Ohio, was very much a democratic operative. And before him, other COOs had been more conservative and been appointed by the Trump administration, then were wiped out when the new administrations came on.

I guess I'm just pointing out that there is a serious flaw here in how we're treating the COO. And so, instead of focusing on Mr. Cordray and focusing on that, I guess what I would focus on is the structure of FSA and the next COO. And Rachel, we've done some work on this in fact at NASFAA, and we might want to be one of the few associations, I know there's some other organizations that have also done some work on this, but who are very interested in like FSA reform, like federal student aid reform and the chief operating officer. Talk us through some of the reform we've thought about.

Rachel Rotunda:

Yeah, so like you said, Justin, the kind of PBO structure is sort of like you get more flexibility and it's supposed to be an exchange for increased oversight and accountability. And that is just something that it doesn't really seem like has played out in the way that it was initially intended. And so, one of the things that we recommended is that the FSA COO should report directly to the Secretary. We've said that there should be an FSA oversight board established. I believe that the other federal PBOs do have those oversight boards.

Justin Draeger:

The other PBOs, by the way, do you have those there?

Rachel Rotunda:

I think it's the Federal Aviation Administration and the patent office, right?

Justin Draeger:

Patent and Trademark. That's right. And they have oversight boards. And they came after FSA. FSA was the first.

Rachel Rotunda:

Oh, I didn't know that.

Justin Draeger:

Yeah, they were the first, and then, these other two came. And they're a little bit more evolved and developed than FSA.

Rachel Rotunda:

Yeah, I don't know a ton about the FAA, but as someone that flies on airplanes, I'm glad that there's an oversight board. That structure seems to make a lot of sense, but it's not something that we currently see with FSA. Currently, the COO and other senior leaders at FSA are not confirmed by the Senate. And so, we've gone so far as to say that we think there should be Senate confirmation for that type of position. And again, we would like to see some legislative reform that increases accountability through the Secretary and the oversight board. We've got a couple of other weedy weedy recommendations around additional performance metrics and involving stakeholders in the FSA strategic planning process. But I do feel like that oversight board piece has been a really big one that we feel like is missing and I think would especially relate to a new COO coming in.

Justin Draeger:

Yeah, saw speculation in the press about, well, was Rich set up to fail? Was he failed by internal processes at FSA? Et cetera, et cetera. I'm not here to offer any conjecture on that. The only thing I would say is the candidate that would come in, I would hope, would understand systems in a broad scale way and would have some working knowledge of not just loan debt, which I think Rich came in with a significant amount of knowledge about this. He served as an attorney general at the CFPB. I don't think anybody would question his credentials on debt, loan debt, finance, instruments. But the other side of that equation though is student financial aid and the enormous amount of technical expertise and just general expertise on the billions of dollars and the entire application process and stakeholder piece that is college and universities and trade schools on application program integrity.

And certainly, in this last couple years, the FAFSA, which was a top priority, obviously, of Congress. So when this administration comes around to choosing the next permanent chief operating officer, I imagine NASFAA will have some things to say about that. Normally, how this would work is, at least how we've seen it in the past, is FSA would maybe in the interim choose an interim chief operating officer, and then, they would do a search for a permanent chief operating officer. I don't know how they'll do it this time, but because it has been so political, I don't know if they would find a permanent before, there's an election coming up in less than six months, so I don't know that they would find a permanent before the next election.

So they might do it interim. And that usually is a career. That's how it's been in the last several turnovers. And then, you find a permanent on the other side of that, depending on who's elected. Again, I don't know exactly how it'll happen this time around. Okay, so we'll keep our eyes and ears open, but hopefully, we are starting to see some of this smooth out as schools are getting aid packages out.

All right, that does it for this edition of "Off the Cuff." Thank you everybody for tuning in. Remember to subscribe, send us a comment or a question, if you like, that we can discuss on the air. Remember to tell a friend, leave us a rating on your podcast app of choice, that helps other people find the podcast and content we present here. And stay in touch. We'll talk to you again very soon.