NASFAA's "Off the Cuff" Podcast – Episode 329 Transcript

OTC Inside the Beltway: Reconciliation Takes Shape in the House and the White House 'Skinny' Budget

Melanie Storey:

Welcome back to another episode of Off the Cuff. Things have been quite busy here in the last couple of weeks, so let's dive right in and catch listeners up on some significant news surrounding reconciliation in the federal budget. I'm Melanie Storey, president and CEO of NASFAA, week one in the books.

Rachel Rotunda:

I'm Rachel Rotunda with NASFAA's Policy Team.

Nalia Medina:

I am Nalia Medina, also with NASFAA's Policy Team.

Sarah Austin:

I'm Sarah Austin, also with the Policy Team.

Hugh Ferguson:

And I'm Hugh Ferguson with our communications team.

Melanie Storey:

Thanks all. So I think Hugh, tell us where do things currently stand with reconciliation and the process, and what does that mean for higher ed?

Hugh Ferguson:

Yeah, so it's been a very busy couple of weeks and the reconciliation process has seen a lot of changes with each day. We've been seeing a variety of texts coming out and we had a significant markup that came up at the tail end of April. So this is something we've been following pretty closely and there are just a couple of updates we wanted to highlight that are happening in kind of the early stages of this process that we are kind of getting to the middle portion of where things get more convoluted.

So on April 29th, the House Education Workforce Committee held a day-long markup going through its portion of this spending package and it outlined some drastic changes to programs housed within the Department of Education. And before we just get into the details of the package, just a little background on the markup process. It went from about 10:00 AM until 6:30 PM with the two breaks for floor votes and they worked through about 30 amendments that were offered by committee Democrats. It's important to note that Republicans in putting this package together have very much aligned with this is what we want to see move forward. And so we didn't see a lot of disagreement from the Republican side as to what went in this package.

But just some highlights on what's in the bill. The framework requires the committee to cut at least 330 billion in spending within the Department of Education over the next 10 years, and that's going to result in some major overhaul to the Pell Grant program, campus-based aid, need analysis, student eligibility, federal student loans, the repayment programs, PSLF and even more items that we can go more into depth on. So honestly, with all those changes, I was somewhat surprised during the markup that this was all just confined to one day and we didn't see a lot of extended sparring that can turn some of these markups into multi-day events and just really stretch out the process to try and slow things down.

So one tactic we've seen in the past with other reconciliation efforts is to actually require the clerk to read through the entirety of the bill. And this bill text wasn't as long as other versions where I think we were, Rachel, Nalia, you can maybe tell me, and Sarah, I think we were somewhere around 100 pages to this text, so it probably wouldn't have delayed things too much for. But you sometimes get into 1,000 page bill and that can really put some strain on the committee staff to work through and make things a lot longer. And kind of just building off of that again with getting through 30 amendments in that period of time, they really kept the debate pretty focused on just the measures that they were considering. But it was still very much an extensive markup, which we have a full day's recap NTN that works through some of those amendments and can give listeners just a full breakdown of texts that the committee staff provided.

But I'll just go through a couple of the amendments that were offered that sought to add language to the bill that would require the Secretary of Education to certify that the bill does not result in a decrease of the average Pell award making the Pell Grant program fully mandatory. There was an effort to preserve the SAVE repayment program and shorten the timeline to PSLF and there was a section that would strike the repeal of the borrower defense rule and there was a lot more that committee Democrats offered throughout.

And yeah, one additional amendment that came up that I thought was interesting was from Rep. Omar and this was a student debt cancellation measure and it was a very broad forgiveness program that would cancel both federal and private student loans. And I think this was a similar version that we've seen from Senator Sanders, but I haven't seen the formal reintroduction yet. And I only mentioned this because it was the only amendment that was withdrawn, which kind of indicates that there might still be some division among Democrats for this policy and perhaps the Congresswoman didn't want to see a vote breakdown of where members stand or maybe some didn't want to express exactly where they fall on this issue. But that's a bit of a tangent.

So back to the actual text that the committee considered, it was ultimately advanced on a party line vote of 21 to 14. And I think it's important to note that this bill still hasn't fully been written and there are still a number of committees that have to go through their portion of the text before this gets to the House floor. So there's still more changes we can see to this text. And this is where things are really in a very, I don't necessarily want to say a make or break moment, but there's definitely tensions that are going to come out now within other committees that were supposed to hold markups this week on their portions of the text, but that did not happen. And supposedly at the time of this recording we're starting to see potential markups scheduled for next week but haven't seen text yet for that other portions of the bill.

Some sections that would have significant impact on the higher education community concern SNAP funding and Medicaid, which could have significant implications for state budgets. And the congressional Republicans are currently working on a relatively tight timeline to try and get this process moving forward. And we're still waiting for more details on sections of the bill and this is just what's going on in the House. We still don't know exactly what approach the Senate's going to take. We've seen some indication that they're going to go in a different direction and it's not clear how much of this House text will move forward, but it's still important to keep in mind that all of these changes to higher education programs did move through a committee. And so it's something we're following very closely to see what the implications are. And I know the Policy Team has spent the bulk of last week and this week just digging through what exactly is in the text.

Yeah. So Sarah, could you kind of dig into what was in these different sections of the bill and how long you guys spent just combing through it?

Sarah Austin:

Of course. I'll preface this by saying I lost my voice and it's just coming back so I'm already distracted by my own talking. I told our team I'll never listen to this episode on my own because I'm so distracted. But let's get into the reconciliation bill proposal from the House.

As Hugh said, this has really been our main focus on the Policy Team for the last week or so. We dug in, we wrote three different deep dive articles, so if you have not seen those, please check them out. They ran in Today's News this week, I think Monday, Tuesday, Wednesday, kind of a three-part series diving into some of the major highlights of the proposal. I will say it would be impossible really to cover everything, otherwise you would be reading more than 100 pages of text, like you said. But I did want to talk about a few of the major highlights. Keep in mind that some of these provisions would be effective as early as July 1 of this year. Some of them would not even go into effect until as late as '28, '29, so they're kind of a wide range of effective dates and when these would all be implemented if this moved forward.

So just looking kind of an overview of the major areas that I'm going to talk about would be need analysis, Pell Grant, direct loans, a new risk sharing agreement, and then some regulatory relief. So first, starting on the need analysis side, the major highlight here was a change in the need analysis formula. So where we typically had cost of attendance minus SAI minus OFA is the need. We now have a new term, median cost of college kind of replacing the COA in that formula. And this median cost of college is at the six digit CIP level for a program and it's the national median cost of that program. And it is differentiated by credential level, so of course the cost of a graduate degree would not be the same as undergraduate even if the program was a similar topic. So this is obviously a major change to the formula, knowing that if it's the median there's going to be half above and half below. So this could significantly change the eligibility for need-based aid. So we are definitely digging into this provision of the bill.

Also looking at Pell Grant changes, there were significant changes, quite a few changes in the Pell Grant area. So first off, the eligibility to receive a full-time Pell Grant would be changed to 30 credits from the 24 that we have right now. So where you typically would have 12 credits and 12 credits add up to the 24 credits and that's full-time, get the full-time Pell Grant amount that now would be changed to 30 credits. Now in the actual bill it talks about 30 credits, it does not talk about 15 credits and 15 credits by term, but I think when everyone read that that's kind of the assumption they made. So I know we've already been getting questions about that 15 credit breakdown. But really in the bill text it does say 30 credits for the year would be full-time Pell. Again, major change there.

Also there would be no Pell Grant eligibility for students who were enrolled less than half-time. And there also would be a kind of an expansion of the Pell Grant eligibility to short-term programs. And this is what we've been referring to as the workforce Pell. So that we've seen before, but this is again in this proposed text as well. There was also a way of addressing what many people have been calling Pellionaires where a student maybe had received max Pell but had a high student aid index, and so this would address that. It would actually prevent students from receiving Pell if their SAI equals or exceeds twice the maximum Pell Grant award for the year. So that would address those students who right now would get Pell Grant would no longer in this situation.

Moving along to direct loans, there were many changes related to direct loans. Some of the biggest ones that I know we've been seeing a lot of chatter on from our members would be subsidized loans would no longer be a thing for our undergraduate students. They already went away for graduate students, but this would eliminate subsidized loans for undergrad students as well. So they would only have unsubsidized loans available to them. Also, the elimination of the Grad PLUS loan program and some changes to the Parent PLUS loan program. One change here is that parents could only borrow the Parent PLUS loan if their student already borrowed the maximum unsubsidized loan for the year. So they could not get the Parent PLUS loan if the student is not borrowing the max un-sub loan.

There was also many changes to the loan limits, I will not get into the details here because it's quite lengthy. But changes to loan limits both on the annual limits and also the aggregate limits for different types of loans and different types of students. One thing I did want to point out that was quite notable is the Parent PLUS loan aggregate limit would be changed to 50,000 and this is for the parent. So it's not per student, it is at the parent level they could only borrow up to 50,000 for Parent PLUS loans. So that would be a big change for parents who maybe have in the past borrowed multiple loans for multiple students and not previously had that aggregate limit.

There also would be mandatory loan proration for less than full-time enrollment, which this would be a percentage of the number of credits the student is enrolled in. So that would be a change as well. And there was also several changes to repayment plans, deferment and forbearance options and PSLF. Many changes in the direct loan world were proposed in this bill.

Moving along, we also had the kind reintroduction of a risk sharing agreement for institutional accountability. We saw this previously in 2024 with the College Cost Reduction Act and it is very similar to what we are now seeing in this proposed text. We previously covered the CCRA in several different articles at NASFAA, so we also linked back to some of that coverage in our deep dive article about the reconciliation bill because it is very similar. We saw a lot of the same provisions related to this risk sharing agreement.

The one change was previously it was the payments that were made were called risk sharing payments, now they're called annual reimbursements. But basically schools would have to remit annual reimbursements to the department based on their students' loan non repayment. So they're kind of on the hook for their students not paying back their loans, they would have to remit these annual reimbursement payments to the department and those payments would actually fund a new campus-based aid program called the Promise Grant. So the payments themselves would fund that new grant.

But the risk sharing agreement, not only would schools be on the hook for making these payments, but there are pretty steep consequences for not making those annual payments and not making them on time. So the various consequences based on how long it's been since the school was notified that they need to make a payment, if they're 90 days and they still haven't made a payment or all the way up to two years and they have not made a payment. But the kind of maximum consequence would be if after two years a school has not made those mandatory payments, they would actually lose Title IV eligibility for at least 10 years, which is clearly a huge consequence that schools would not want to go down. So this is a big piece that I think a lot of schools are talking about right now when they saw this reconciliation bill text, it also would affect a lot of schools presumably. So they're definitely tuning into this new risk sharing agreement discussion.

The last area that I wanted to talk about is the regulatory relief section of the bill. And there's a few things here. One would be the elimination of the 90-10 rule that was completely struck out of the text. So completely eliminated also the 2022 rules for borrower defense to repayment and closed school discharge rules, both of those would be repealed. So in 2022 these new rules came out, they were effective July 2023. Those would be repealed. So it would essentially revert back to the prior set of rules for both of these things from what was effective before July 1, 2023.

And then also I know another piece that our members are a lot about is, the actual phrase, gainful employment was removed from the definitions in several places in the Higher Education Act. So it was removed from program eligibility, from the general definition of institutions of higher education. So by removing the phrase gainful employment it essentially paves the way for the GE rules to be rescinded. And also it really kind of prevents future administrations from creating a gainful employment framework or regulations because the statutory references were really what the Department gave them the legal authority to regulate on gainful employment. So the terminology was removed from the definitions, presumably that will be rescinded in the bill text while it just simply removes the definitions, a separate kind of summary document also is now basically saying that gainful employment is repealed, but we will tune in and of course keep you updated on that.

One thing I wanted to highlight here is that there was no mention of financial value transparency. So remember that gainful employment and financial value transparency are really two separate things even though they get lumped together a lot. And this did not mention or address in any way the financial value transparency rules.

So that is a lot. I know that we have already been getting questions from our members, what does this mean? How would I possibly change my systems to do Pell Grant at 30 credits? And I think we need to just bring it back a little bit and have Rachel talk to us a bit about the actual process and the fact that these are not law right now, this is not in place right now and kind of go over the process and then what is coming next. So that you can all maybe get a better understanding of what's next.

Rachel Rotunda:

Sure. Thanks Sarah. That was a great overview. This bill has a lot in it, so I appreciate you going through all of the different provisions. I think safe to say we probably all agree that many of these provisions are alarming to say the least. But like Sarah said, there is a long way to go before the final bill is enacted into law. And so we thought it might be helpful to dig a little bit deeper into kind of where we are in this process, what might play out over the next few weeks and months. So I'm going to go into that process a little bit.

But I don't want to bury the lead, so the big takeaway here is that the proposal that Sarah just outlined those education provisions is a starting point. It is not a sure thing, and we're going to go through the process in just a minute, but there is a long way to go before anything becomes law. Largely because there are currently a lot of internal divisions amongst Republicans who are spearheading this process and it is very possible that we will see changes in any final bill.

And Nalia will talk a little bit later in the podcast about how our members can get engaged in the process of helping to shape what's in a final bill. But I'm saying that from the jump because I think that it's important for folks to hear that this is not a done deal, there's a lot that still has to play out within the House, within the Senate. We're even seeing the White House still making comments about what they would like to see in the bill. So there's just a lot in flux right now. So we are not at all trying to minimize our concerns around these provisions, but we also want to keep in focus that this is kind of the first step of what we expect will be many as we go down this reconciliation path.

So I might be a little repetitive of what Hugh covered, he did a great overview of the markup that happened, but as we know, the House Education Workforce Committee has already considered their parts of the reconciliation bill. Hugh highlighted, and I think this is interesting, there wasn't a ton of disagreement amongst Republicans on the committee during that markup. But if you zoom out and you kind of look at the overall reconciliation process, the package as a whole, there actually is quite a bit of disagreement on the policy front within the party. There are certainly components of the larger GOP package that are holding things up.

So Hugh mentioned that we've seen a few additional markups outside of the education committee be canceled. So three committees have postponed their reconciliation markups because the proposal is being considered don't have sufficient Republican support to move through the committee. That includes the House Ways and Means Committee, which deals with some of the big tax cuts that are being considered or the extension of the tax cuts. The Energy and Commerce Committee, which was given instructions to eliminate about $880 billion in spending, the idea is that would mostly come from Medicaid cuts. And then the Agriculture Committee, which Hugh mentioned is dealing with things like SNAP cuts that have proven to be really controversial.

And so, from my view where I sit, I think those are kind the three big areas where we're seeing some roadblocks tax issues, specifically renewing the 2017 tax cuts, Medicaid and food stamps. You might be asking why are we talking about this on a higher ed student aid podcast? But this is important because those are really big substantive controversial things that need to get worked out before the House will be able to pass their own reconciliation package, and that's not even talking about the Senate yet. That is not to say that because we saw the education provisions move through the Ed and Workforce Committee. I'm not saying we aren't going to see changes on the education front, but I think those big issues are the ones that are kind of top of mind for party leaders right now as they're trying to get their caucus in order.

So we might see some additional changes on the education front, but I do think we are expecting this to move as one big package. And so it's very possible that we won't see any additional movement on those education provisions until these big issues related to things like tax cuts, Medicaid and SNAP are resolved. If we shift a little bit and talk about just what are the political dynamics at play right now, what we're is this tension between the most conservative and the most moderate wings of the Republican Party. The more conservative wing of the party wants to see significant decreases in spending. They don't want to see adding to the deficit. And to do that it requires cuts to things like Medicaid and SNAP. But on the other wing of the party, we have moderates who don't want to see those programs cut.

We saw this week on Wednesday, so yesterday, we're recording this Thursday, we saw 32 house Republicans send a letter to Speaker Johnson and Majority Leader Steve Scalise saying that they will not support any final reconciliation measure that increases the deficit. So they want to see any tax cuts fully offset by cuts in spending. Again, moderates in the party are resistant to cutting things like Medicaid. But, I think a lot of folks feel like those cuts feel like they're almost necessary in order to achieve the total level of spending cuts that the more conservative wing of the party is looking for. So this week we're hearing reports of lots of behind the scenes closed door meetings between Republicans who are really trying to address everyone's concerns in order to figure out how they can get something together that has enough support to pass.

As a reminder, any final bill in the House needs to have 218 votes and Republicans really can only lose just a couple members. They need pretty much everyone to vote in support of whatever a final bill looks like in order for it to pass. So the margins are just really, really small in the House.

The Senate has not yet acted on its own proposal. They're kind of in a wait and see what the House does phase. It's a little bit unclear what their path might look like. They could technically schedule their own committee markups, they could consider their own version of the bill. But they could also take whatever the House puts together and actually make amendments on the Senate floor that would sort of allow them to skip the committee process. So unclear what their process might be looking like. I do think we are seeing some sort of the beginnings of some similar dynamics in the Senate that we're currently observing in the House, that friction between the more conservative Republicans who are saying over in the Senate they want to see at least $1 trillion in spending cuts and then moderate Senate Republicans saying they don't want to cut things like Medicaid and SNAP. So a very similar story. On Wednesday of this week, Senate Republicans held a policy retreat at the Library of Congress to start talking through some of these big issues and the big sticking points.

Something that I just want to throw in real quick because as Sarah was talking, I was like, oh, we need to make sure we mention this, is that a dynamic in the Senate is the Senate parliamentarian and how the parliamentarian may rule on some of these provisions. Specifically in our space, I think there are some questions around whether there are parts of the higher ed student aid proposal that the parliamentarian may say that does not have an impact on the budget and on spending or on taxes. We don't need to get super into the weeds. This is very, very wonky stuff.

But essentially to use budget reconciliation as a tool, provisions that are included in any reconciliation package have to have a budgetary impact, an impact on spending or revenues or deficit implications. I'm grossly oversimplifying this, but I do think it's important just so folks know, there are reasons that we don't see lots of other things thrown into this package. It's big, it has a lot in there, but they're not tacking on every little tiny policy provision and that's because there are some guardrails around what can be included in a reconciliation measure.

So when this does sort of start picking up steam in the Senate, I think we'll hear more about how the parliamentarian might rule on some of these various provisions. I think the risk sharing one is one that folks are particularly interested in learning more about. We cover that rule called the Byrd rule, which you might hear folks say the bill take a Byrd bath, we cover that more in our deep dive. I think, Hugh, that was in April. We published one article in February and one in April that kind of gave an overview of reconciliation. Maybe we can include that in the show notes because I think it's super helpful to just learn about how wonky of a process this is.

So zooming back out from the virtual. Safe to say Republicans in both chambers working through a lot of issues to try to get to a place of consensus. My kind of final observation as I was thinking about the podcast, I wanted to highlight how this dynamic that we're seeing right now, sort of this feuding between the more conservative wing of the party and the more moderate wing of the party is so strikingly similar to what we saw back in 2021 when Democrats were in control of the White House and both chambers of Congress, they were working to try to pass the Biden administration. So they called it the Build Back Better Plan through budget reconciliation. And in that situation we saw the most progressive wing of the party wanting to spend 6 or $7 trillion in new spending and then we saw the more moderate wing of the party just completely unwilling to go that far. And this is very, very similar in my view.

I don't know. I was thinking, I feel like I've said this before but with slightly different words and I think it's because we have said it before. So Republican leaders are now having that similar challenge of getting to a place of consensus between the conservatives and the moderates in their party. And to me it really does feel like deja vu. Ultimately, I think it's worth mentioning we didn't see Build Back Better pass and be signed into law in the way that Democrats would've, I think, liked to have seen at the beginning of the Biden administration's term. And I'm not at all suggesting Republicans won't get there with this package. There's a lot to play out, they could get there. But there is just a lot to work out before they cross the finish line. I think that's the big takeaway here.

One final note about timing, House Speaker Mike Johnson initially wanted this passed and signed into law by Memorial Day weekend, which is rapidly approaching. I think leaders are now saying that that is not looking realistic. What they're saying now is they like to see a bill sent to the White House, the President to sign by July 4th. I think there are even some lawmakers who are now skeptical that that will happen. So we are seeing the timeline pushed. But one important reminder that Congress has until September 30th to enact this legislation because all of the budgeting numbers are based on a 10-year timeline. So the federal fiscal year ends after September 30th, those numbers would have to be kind of redrafted and restarting the process. So they have a little bit of time left. We are seeing that deadline get pushed.

So again, the sort of too long didn't read version is lots to play out, this is the first step in the process, but it is important that we as the higher ed and student aid community are engaging in this process and making sure that lawmakers here particularly around the provisions that we're really concerned about.

So with that I think, Nalia, is going to talk a little bit about the advocacy push that we are working on at NASFAA and hoping that our members will join us in.

Nalia Medina:

Yeah, thanks Rachel. At the time of this recording, like Rachel mentioned we're recording this on Thursday, so earlier this morning we actually published a few different resources for NASFAA members to learn about the budget reconciliation process and kind of where we are right now. So I'll walk through a few of those resources for you all right now.

The first one being our Reconciliation Web Center. So we've compiled all of our coverage and reactions, whether that is our deep dive articles that Sarah kind of went through, our Off the Cuff podcast, we've also compiled a list of helpful congressional links. So that you can find on our Web Center, just one place to easily access all of our reconciliation information. And we've also included some background into the process that Rachel walked through as well, so that folks can look through that and be reminded of where we are and where things are going.

But I think most importantly in terms of our advocacy we also developed a call to action advocacy campaign. So you can access that through the Web Center as well. But we have a dedicated page for this call to action campaign, which includes a few different things. The first one being a sample letter. So you all can use that sample letter, customize it with your personal and institutional information on there, and that letter you can use to communicate with your members of Congress for both the House and the Senate. We've also included instructions on how to figure out who your member of Congress is if you're not yet aware of that, as well as information on how to contact them.

And then this is a different part, we haven't really done this before in our previous call to actions. But in this reconciliation one, we actually created downloadable social media graphics as well. So that is a great tool for you all to use to kind of get the word out about this call to action campaign. So downloadable social media graphics. We drafted up social media captions for you as well. If you want to create your own social media content, that is a great resource as well. So just wanting to get the word out and encourage members to join us in this advocacy effort so that your members in the House vote against these concerning provisions and to ensure that your members on the Senate side work to not include any of these concerning provisions in a potential Senate proposal that we have not yet seen, but kind of trying to get ahead of the process, if you will.

So those are just a few of our resources that are available and would really encourage everyone to join us in our advocacy efforts.

Melanie Storey:

Awesome. Thanks Hugh, Nalia, Sarah, Rachel, a lot to cover. Reconciliation is definitely a little bit inside baseball, the Byrd rules and Byrd bath and what gets included and the fact that higher education is just a part of a, very big P, policy, big P, politics process here. And so I just encourage everyone, all of our members to know that this is a long process. It can feel really chaotic when we see some of these extreme measures come out. And you get lots of questions, and thanks to Nalia and the team for quickly getting up resources to help answer those questions on your campus.

I would encourage us, we will stay focused on this and get information out to you. I just encourage everyone let's be strategic and not emotional. There's a lot here, there's a lot to come and we'll stay focused in communicating with you on it, but we still need to hear from the Senate and others. And there are even other parts of the bill. I mean we'll be very interested in some of the tax provisions, will also have impact on higher education. We'll need to keep an eye on some of those as well. So thanks all. Again, just promo the Web Center and the deep dives. If you're getting questions, that's the place to get answers.

So aside from reconciliation, however, there's more to come. So we also saw some significant news this week concerning just the annual federal budgeting process. So let's catch members up on what we call the president's skinny budget, which really just sets the tone or requests from the president, from the administration for their spending levels and their spending level recommendations for the department.

Nalia Medina:

Yeah, happy to kind of walk through that. And I'll just give a quick note. I think it was two podcast episodes ago. I walked more in depth in terms of the budget appropriations process and what that kind of looks like in a typical year. So I once spent too much time going into that on this episode, so I would refer you to that one.

But last week we did see President Trump release his skinny budget on May 2nd, and that is really kind of the first step in this process that I would say would maybe turn into a very lengthy process for fiscal year 2026 if it goes similarly to what we've seen in previous years. So in a typical year, just at a really quickly, the president usually submits their budget sometime between February and March, although in the first year of a new administration we don't typically see the president's budget until later in the spring. So I would say it wasn't all that unusual that we didn't see something from President Trump until just last week.

The skinny budget, like Melanie mentioned, it's a little bit different than a full budget proposal that we would see from the president and that it does not list specific funding requests for all programs or all the initiatives that fall under that given federal agency or department. And so I think we can anticipate to see the President's full budget proposal in the next few weeks. But I'm happy to kind of run through at a high level some of the things that were included in this skinny budget as it pertains to ed and the programs that we follow and care about.

Some of the significant proposals in there was a significant decrease for the Federal Work-Study program, the elimination of FSOG, the elimination of TRIO and GEAR UP, as well as a significant decrease for ed program administration. One thing that we didn't see in the skinny budget was anything about the Pell Grant. So I think we could see that in the full budget proposal that comes out in the next few weeks.

I would just remind folks to remember that the funding levels that we see, whether it was in the skinny budget that came out last week or in the president's full budget that comes out in a few weeks, those are not final numbers. Congress still has a lot to do with this appropriations process. They still have to draft and pass the 12 appropriations bills that fund the government and the President will then have to sign those into law. So similar to reconciliation, there's still a lot that needs to happen in this annual appropriations process and we still have to wait for the House and Senate to draft their budget proposals.

So just a reminder that these are not final allocations, we probably won't see final allocations for the programs that we care about for at least a few months. And I'd say that we probably won't see the House and Senate budget proposals until sometime later in the summer.

Hugh Ferguson:

Yeah, so thanks for that, Nalia. And just to follow up on the dynamics that we're seeing on this portion of the budget debate, when the skinny budget was revealed we got some statements from Republican leaders in the House and Senate that kind of put out some pushback on the president's proposal and from Susan Collins in the Senate and Chairman Tom Cole in the House. They kind of pushed back on how this proposal is really just a starting point and that Congress would now start to shape their version of the spending bills from here. And so we're still waiting to see what that looks like. And again, it's kind of similar to reconciliation, we're in this waiting period just to see how these dynamics shape up.

Yeah, there's a lot to monitor and it's just, I don't know if it's so much of a coincidence, but both of these issues have a deadlines of September 30th, so it's very easy to get confused as to which process is impacting spending levels. And so we will do our best to just highlight that these are two different tracks that are happening. Reconciliation is not as frequent of a tool as the annual appropriations process. And interestingly enough, during Trump's first term, we saw two reconciliation efforts. One was enacted, the Tax Cuts, and one fell apart, which was the repeal of the Affordable Care Act. And during Biden's term, we also saw two reconciliation packages, one get signed into law, which was the COVID response, and then the Build Back Better program, which ultimately did not come to fruition.

So plenty of case studies to look through this dynamic kind of feels like, as Rachel said, has parallels to previous efforts. I mean it is the same process, but it's just the dynamics too are really interesting to see what moves forward and how this ultimately ends up impacting higher education.

Melanie Storey:

Thanks very much for that. Yeah, the more things change, the more they stay the same. So there's a lot happening in Congress. We've only talked about congressional actions so far. Shout out to our colleagues on the Hill staff who are going to be really busy this summer and we'll be busy alongside with them.

But lest you think that's all that's happening in higher ed and Washington, we've also had some action and some news coming out of the Department of Education with the kickoff of a new negotiated rulemaking and a hearing to kick that off and some additional updates.

Hugh Ferguson:

So the Neg Reg process is in its early stages. We had our first day of just comments coming in and we have some recaps in TN. NASFAA also submitted some comments that you can read in our newsletter and we'll include some links in the show notes for everyone. But yeah, very early stages of that process. And so we'll continue to monitor as committees start to take shape.

And yeah, we're also just monitoring updates coming from the department. Recently they announced that their, or they didn't really announce that there was just an update on a webpage that I believe the Policy Team flagged for us about changes to the hours at the FSA Customer Service centers. And so this is affecting the National Student Loan Data System, NSLDS, and the FSA partner and school relations center. They've reduced their hours from what used to be 8:00 AM to 8:00 PM to now 10:00 AM to 6:00 PM.

So this is something we're just monitoring to see whether or not this is impact of the reduction in force notices that went out and just different staffing changes that have significantly impacted the department. So again, this is something we're monitoring and if members see updates on websites that seem a little odd, feel free to flag us on those and we can dig in and follow up. Yeah, that kind of takes us through a good amount of the updates we've seen.

Melanie Storey:

Thanks, Hugh. Thanks. I'll note that the department also released an electronic announcement that we covered in Today's News around their request for institutions to reach out to former student borrowers, current borrowers, reminding them of their obligations for loan repayment. There was a lot in that electronic announcement about calculation of non-repayment rates and other things that we have questions and we're going to ask them and we'll try to get answers to you as soon as we know.

One last plug. Hopefully everyone has received a request, a survey for comments, particularly now, as Hugh mentioned this, reduction in call center hours, any impacts that you are noticing in terms of response times customer impacts on your institutions, specifically related to the reduction in staffing, whether it be through the reduction in forces, the RIFs, or staff attrition may be having on your offices and your ability to do work. We want to make sure that we can demonstrate and advocate for you the impacts that those might be having on your ability to deliver in a timely way on the Title IV program. So please look for that survey. A reminder that more than one person in your institution may have gotten it. That was by design. We would welcome everyone to respond to it. So I would direct your attention there.

But for this week, I think that's it. Thanks again for joining Off the Cuff. Have a great week and we'll talk again soon.