

# NASFAA's "Off the Cuff" Podcast – Episode 335 Transcript

OTC Inside the Beltway: Catching Up on August's NegReg and Appropriations Headlines

Hugh Ferguson:

Hey, everyone. I'm Hugh Ferguson with NASFAA's communications team. Welcome back to a quick little catch up episode of the podcast. It's been a pretty busy summer and we've had a lot of developments that we've been following these last couple weeks since we last spoke to you all as a team on the podcast. I just wanted to take a brief little bit of time solo to highlight some developments that we've been following before we reconvene as a team in September.

Those two developments are that the Senate Appropriations Committee unveiled their spending plan for the Department of Education for fiscal year '26. The second issue is that we are now in the beginning stages of two new negotiated rulemaking committees that just recently got underway.

First off, we have officially entered summer recess for Congress after the Senate wrapped up some of its work during the first week of August. During that week, they actually got through some of their appropriation bills in the committee. One of those bills was the Labor HHS Education plan that funds the Education Department for the upcoming fiscal year. We really weren't expecting this to happen because the House is somewhat behind on their process, but the Senate managed to get their language written up and moved through the committee. That bill ultimately advanced out of the Appropriations Committee on a 26-to-three vote. It would mostly flat fund the Department of Education, but that's very different than what we've seen in the president's budget request which was released earlier in the summer as a part of two different plans. The first one was a skinny budget, and the second one was a more fleshed out proposal that we have write-ups of available in the show notes to compare to.

But yeah, as I said, the Senate Appropriations Committee took a very different approach than the president's budget request, and have instead flat funded most of the Department of Education for a third straight year. We have a full write-up of the Senate's proposal, but some of the highlights include that it would provide \$22.4 billion in discretionary funding for the Pell Grant program for fiscal year '26. The maximum Pell Grant award would be \$7,395 for the '26-'27 award year, which is the same funding level for the '25-'26 award year. This is in addition to the nearly \$10 billion in mandatory funding included in the recently enacted Reconciliation Bill to address the projected Pell Grant shortfall.

In terms of the FSEOG program, the Senate's proposal would allocate \$910 million. For the Federal Work Study program, that would be allocated roughly \$1.23 billion. Both of those are the same funding amounts allocated for fiscal year 2025. Then the Federal TRIO programs would be allocated roughly \$1.19 billion, and that's also roughly the same funding as fiscal year 2025. We also see student aid administration being allocated roughly \$2 billion, also consistent with the '25 level. Higher education programs would be allocated \$3 billion, which is about 200 million of an increase from FY25. Then just overall, the Department of Education would be allocated 79 billion.

In terms of next steps here, we're still waiting to see what the House puts together for its proposal because it has not started the appropriations process for Labor HHS Education before they went on recess. We thought we might see a markup before they recessed, but that did not come to fruition. We'll be waiting until they reconvene in September to see whether or not their proposal more closely aligns itself with the White House budget request, or if they're a little closer to what the Senate has put forward. But as a reminder, the White House referred to their budget request as a responsible winding down of the Department of Education, so we saw a lot of significant cuts to a variety of programs, while the Senate's proposal, which made it through their committee by a bipartisan vote saw flat funding for a number of programs within the Department of Education.

Yeah, just as a reminder, Congress has until September 30th to address funding for the upcoming fiscal year, but it seems all but certain at this point that we're going to have some sort of continuing resolution that comes together during September to give members more time to sort through the gaps that remain between both the House, the Senate, and the White House. It's unclear how long of an extension that could be. Sometimes we've seen Congress do a week-long or even day-long spending plans to allow negotiations to continue, but it seems like this will likely slip until later in the calendar. The last couple of cycles, we've seen things get pushed until late December, and they can move further than that. We'll be following what happens there and provide updates for you guys. For the time being, it seems like we might have a little break in daily updates on the appropriations front because we're mostly waiting to see what action the House takes to push this process forward and what these levels will mean for the Department of Education.

Now that we have appropriations wrapped up for the time being, we also over the summer have seen some developments on the negotiated rulemaking process. Which first got underway with a Public Service Loan Forgiveness Committee that ultimately failed to reach consensus during its week of negotiations. We have a recap of what happened there for you all to catch up on. It's becoming more busy on the rulemaking front as we've gotten into the summer because now we have two additional committees for the administration. These were announced in response to the enactment of the Reconciliation Bill, which is also referred to as the One Big Beautiful Bill. Or as we at NASFAA have dubbed it, OB3. I've also seen it referred to as BABA by some other outlets. But nonetheless, a lot of interchangeable names. You can choose your own adventure on which one you'd like to refer to.

For all intents and purposes, we're just going to focus on what this means for the rulemaking process. The two committees that the department has put forward are the Reimagining and Improving Student Education, the so-called RISE Committee, which will consider changes to the federal student loan programs. Then the second one is the Accountability in Higher Education and Access Through Demand-Driven Workforce Pell, or AHEAD Committee. This one will address issues related to institutional and program accountability for the Pell Grant program and other changes to Title IV programs.

These two newly announced committees hosted their first public hearing on August 8th. This is just the very beginning stages of the process. Both of these committees are a little further behind where things stand with the Public Service Loan Forgiveness Committee. But during the August 8th hearing, NASFAA participated in giving their own comments and highlighted some concerns. Specifically, that both rulemaking committees have excluded financial aid administrators as a constituency group. We actually have a recording of NASFAA's President and CEO Melanie Storey who offered remarks during this hearing.

Melanie Storey:

Good afternoon, everyone. I am Melanie Storey, president and CEO of NASFAA. Thanks so much for the opportunity to speak today on behalf of our membership of 29,000 financial aid professionals who serve students attending post-secondary education institutions. Large, small, public, private, students seeking certificates to doctoral degrees.

We want to take some time today to express our deep concern regarding the exclusion of a dedicated seat for financial administrators in the upcoming negotiated rulemaking sessions for the One Big Beautiful Bill Act. Financial aid professionals are the student-facing implementers of federal student aid policy. They interpret, communicate, and operationalize the intricate details of this wide-ranging bill for millions of students and families. To exclude their practical, technical expertise from the negotiating table risks developing rules that are difficult to administer and potentially create unintended negative

consequences for students and their families, and ultimately jeopardizes the success of these important policies.

We have heard the perspective that representatives from each college sector can speak to the needs of their institutions. However, the role of that negotiator is to advocate for the broad interests of the sector. That is fundamentally different from representing the profession responsible for the technical and operational mechanics of aid delivery across all campus types. Let me offer some specific examples of countless examples of the critical contributions that financial aid professionals can offer to ensure a smoother implementation of this important bill.

Consider the provision to prorate student loans based on enrollment status. A generalist college representative is unlikely to have the detailed knowledge necessary to ask essential questions related to the implementation that would be at the forefront of a financial administrator's mind. When is enrollment status officially measured for loan proration? Is that the beginning of loan origination, which can happen months before classes begin? Will there be an enrollment freeze date similar to Pell? How will this be handled for students who pre-register, and then change their course load before beginning their attendance?

Similarly, there are important questions around the new loan limits and the logistical challenges of implementing the important legacy provisions. Who will be responsible for determining if a student is eligible for the legacy provisions? How will that be communicated to aid officers or their students? The law says that borrowers with loans made before July 1, 2026 are eligible for the legacy provisions. This wording may seem very straightforward, but made is not a clear term in financial aid. Does made mean originated, dispersed, posted to the student account? The logistical complexities are significant and require the foresight of those who manage these systems daily.

Melanie Storey:

We will submit written comments, but a financial administrator's perspective at the table is crucial to crafting workable regulations that avoid confusion. The foundational principle of negotiated rulemaking is to include all essential voices. Ignoring the financial aid communities' operational expertise compromises that collaborative spirit. We strongly urge you to add a dedicated seat for financial aid administrators. We want to support the successful implementation of these important new policies, but we must have a seat at the table. We stand ready to work with you and ensure that success.

Melanie Storey:

Thank you for your time and consideration.

Hugh Ferguson:

As the hearing continued throughout the day to gather input from the public, Ed also noted that the department will continue to accept written comments through August 28th, and that they are accepting nominations for those interested in being negotiators for both committees until August 25th. We'll have some links and resources to both of those opportunities in the show notes if you wish to participate in that.

Yeah, both committees will consider issue papers later this year, and we'll be monitoring developments to keep you updated. During the hearing, Ed noted that the administration plans to implement final regulations both committees in "record time." We'll be monitoring to see what that timeline looks like and how it shapes up.

Yeah, that's all we have for today. Just wanted to hop online and share some of these updates, which will still be very relevant come September. But I figured during the quieter months of August, it could be good to just have a reminder that things are happening even though it is the summer. Yeah, we'll continue to be monitoring more developments in Today's News in the coming weeks before we get to September. We'll keep you updated on that in the weeks ahead.

Yeah, in the meantime, please feel free to share your comments with us and any questions you have. Be sure to subscribe to your podcast streaming service of choice. Thanks for joining us for a very quick update from the podcast team. We'll talk again real soon.