

# NASFAA's "Off the Cuff" Podcast – Episode 350 Transcript

OTC Inside the Beltway: Funding Deal for ED Enacted and NASFAA's New OBBBA Resources

Melanie Storey:

Hello, hello, and welcome to another edition of "Off the Cuff" Inside the Beltway. I'm Melanie Storey. Excited to be joined today by Karen McCarthy and Nalia Medina.

Lots going on this week. Welcome. We'll call this the Frozen Tundra edition. For those of us on the East Coast and large parts of the South and mid-Atlantic, we have been iced and snowed in for days. So happy to see my colleagues. Despite the frozen tundra, lots of activity happening here in Washington, including an appropriations bill, and we'll talk a good deal more about that.

But most importantly, or at least front and center for me, is we are super excited today or this weekend, we will be kicking off NASFAA's legislative and leadership conference and expo. We have a lot planned. As most folks know, we have four different tracks or pathways, association leadership, compliance management, financial aid management and leadership, and of course, strategic enrollment management. So wishing those who are traveling good travels, and we are very excited to welcome you to Washington.

One thing I'd love to plug for leadership is we are very pleased that the Department of Education and the leadership from Federal Student Aid will be joining us on Tuesday morning. We are excited to welcome Richard Lucas, who is the acting chief operating officer of Federal Student Aid.

Richard took that position, I believe, at the end of 2025. But this will be really his first big opportunity to address our community. And we are so pleased that he will be joining us along with some of our usual suspects and friends who are some of the program leads over FAFSA and loans verification and others. So a great preview into what is happening at the Department of Education and Federal Student Aid.

Nalia, other things happening you want to talk about at leadership?

Nalia Medina:

Yes. Thanks, Melanie.

One part of the leadership conference that we're really excited about is our Hill visit. So that is typically on the last day of the conference. So those visits will be taking place on Wednesday, February 11. So we're really excited about that. It's our first time partnering with an outside firm that's handling all of the scheduling logistics. So we're really excited to streamline the process for members.

But one thing that our team has also been following, different from previous leadership conferences, is the monks currently participating in a Walk for Peace. So some folks know, I think in different parts of the country, some folks might be more in tune, but there's currently a group of monks participating in this Walk for Peace. I think they started in Texas, if I'm not mistaken, and have been making their way through different states.

And they are currently on track to end their Walk for Peace in DC while the leadership conference is going on. So I believe they might get here around February 10, so leadership will already be on the way. We are still tracking any of their DC activities, so we'll be sure to keep folks in the loop if the Walk for Peace activities impact Hill visits. So we'll be sure to keep folks in the loop there. But that's something different that we're tracking this year and have never had to pay attention to before.

Melanie Storey:

Things we never expect we're going to have to work around, but always exciting things happening in Washington. So we'll be flexible.

Nalia Medina:

And so on the topic of Hill visits, a lot has been happening with the approps process recently, like Melanie mentioned. So we'll talk a little bit about that at a high level.

So as folks might know, back in November, a continuing resolution was signed into law by President Trump. That continuing resolution provided funding for the Department of Education through the end of January. And I should say this is for the fiscal year '26 appropriations process.

And so as that deadline was approaching, that January 30 deadline, Congress had two options. They could either pass an additional continuing resolution or they could sign the approps bill into law. But as folks might know, as that deadline was approaching, Congress was unable to take any action by that deadline. So what we saw was a partial government shutdown. And so, I say partial because that continuing resolution from back in November did fund some federal agencies through the remainder of the fiscal year, but EDs funding was only until the end of January.

And so a lot of the clashing that we saw in the last week or so was focusing on funding for the Department of Homeland Security. But Congress was ultimately able to pass a revised bill after a few days of the partial government shutdown and President Trump did sign that bill into law earlier this week on Tuesday, I believe it was, February 3.

So that bill does fund the Department of Ed through the remainder of the fiscal year, which ends on September 30. And it does include funding for the Department of Homeland Security through February 13.

So they have a few days to figure that out. If they're unable to finish their funding negotiations for the Department of Homeland Security, there will be a partial government shutdown for that agency, but that shouldn't have any impact on ED. Since, like I mentioned, the bill that was signed into law does fund ED for the remainder of the fiscal year.

So I think, if we'd like, we can talk a little bit about what was in that funding bill as it pertains to ED so that folks are aware.

So that bill that was signed into law, like I mentioned by President Trump earlier this week, does provide \$79 billion for the Department of Education for fiscal year 2026. And in terms of the student aid programs, really our bread and butter issues at NASFAA, Pell was flat funded at \$7,395 as well as FSEOG and federal work study.

Karen McCarthy:

Hey, Nalia, before you move forward, we were talking earlier that internally at NASFAA, we were talking about the idea of ... So we were all flat funded, which is positive if your comparison point are some of the budget proposals, which would have actually cut the maximum Pell Grant and cut both of the campus based programs.

So with that lens, this is a relief to have the flat funding, so we avoided those cuts. But we were also talking about the fact that, remember, so we have flat funding for the upcoming year, but we were also flat funded last year. And so I did a little bit of digging to see, when was the last time we had an increase in Pell or work study in SEOG? And we have been completely flat funded for, this will be the fourth consecutive fiscal year. So there are lots of arguments about college costs increasing at a much faster rate, higher than inflation, and why should we keep funding, providing federal dollars to account for that?

But with flat funding for four straight years, and when you think about what just general inflation has been doing over the last four years, we're not even keeping up with inflation. Separate the argument about college costs and how fast they're increasing. We're not even keeping up with the base level of inflation over the last four years. And I thought was a really interesting data point.

Nalia Medina:

Thanks, Karen. And I think you made a good point too. When we look at some of the initial budget proposals from a few months ago, Trump's for example, requested that decrease to Pell, eliminating SEOG, funding decreases to federal work study. I think it's that double-edged sword, right? We always want to protect the student aid program. So we were at least pleased to see that the final bill did protect them, programs weren't eliminated. But there is still that need for us to be advocating for those increases to the student aid programs for some of the points that you mentioned.

Melanie Storey:

We can't always look at it as a glass half full. We've played good defense in the face of some particularly damaging cuts that were proposed, but at the end of the day, students are not able to realize the same support from those programs that they would have four or five years ago, right?

Karen McCarthy:

Yeah, just think about housing and food and all of that. You can use Pell Grants to cover that. So a flat funded maximum Pell Grant now compared to four years ago, just looking at food prices.

Nalia Medina:

And then I think just the last thing I'll say in terms of approps before we switch gears is that Congress and the administration are now going to be shifting gears to the appropriations process for fiscal year '27. It's just right back to back.

So we are expecting in a few weeks to see President Trump's budget proposal for fiscal year '27. But I do mention that because with Hill visits next week, one of our priority advocacy issues that we've been sharing with members for them to potentially share during their Hill visits is the increases to student aid funding. So just keeping in mind that Congress will now be shifting to fiscal year '27 appropriation soon.

Karen McCarthy:

Yeah, no rest for the weary. We finished because the last cycle was so delayed, we just roll right into the next year.

Melanie Storey:

I was going to say, when you kick it four months down the line, then that 12 months comes up on you pretty fast, right?

Karen McCarthy:

Yeah, exactly.

Melanie Storey:

So that's where we are again.

Nalia Medina:

Also, last week, folks might have seen a dear colleague letter pertaining to the tentative minimum and maximum Pell Grant award amounts, as well as the funding levels for campus based aid programs.

So those announcements from the department did come out before President Trump signed the final appropriations bill into law. So what you saw in those announcements from the department are now final with the appropriations bill being signed into law. So you can refer back to those resources to see, again, the confirmed minimum and maximum pell amounts, as well as the funding levels for campus-based aid.

Melanie Storey:

Great. Thanks, Nalia. Lots of activity. And as we said, let's get started on the next one. Here we go.

Let's talk a little bit about, we know that over the last week, many folks who had asked to or had entered the lottery to participate in the FSA Training Conference got their emails of acceptance. And that they will be able to attend the conference March 4 through 6. The FSA Training Conference here in Washington DC at the Ronald Reagan building.

We've been seeing in communities and elsewhere, lots of questions. I know that FSA is working hard to get information out on the agenda and the plans. Of course, before we had the appropriations bill, we did have a short shutdown, which did impact folks at the department. So that also would have potentially caused a little bit of delay in sharing information. So folks, schools have been notified on their selection to attend the conference, and now the question is, what will the conference look like?

And so, we've been in conversation with some folks at FSA. We also have not seen the final agenda, and we'll certainly share it as soon as it is published. But our understanding is that each day is a pretty full day, starts early in the morning, 8:30 or so, runs through pretty much all general sessions to somewhere between 2:00 to 4:00, depending on the day. General sessions ending at 4:30, 5:00.

It is, I would say, my understanding, a pretty full and aggressive agenda. Again, there won't be a lot of breakout sessions. They will be general sessions, lots ... They will have Q&A, as they have said on their website, in those general sessions, and they have committed to recording the sessions. When we have the opportunity to see FSA this week, we'll certainly ask if they have any insight as to when those recordings might be available, because we, of course, know that those who are not able to attend will be eager to hear what was reported at the conference.

It's also my understanding that there will be a number of keynotes usually in the morning. Those are generally just an easier time for the executives to do keynotes. So you'll likely hear, I am certain from the undersecretary, potentially other senior people at the Department of Education.

So stay tuned for more of that. And I assure you that those of us here at NASFAA are also thinking about how we will be able to support all of you and share the information that is shared at the training conference in March. So stay tuned for more information about conference-related communities and potentially other activities where we can welcome members and other financial aid professionals who will be here in Washington.

So still a lot more to come, but we expect to hear more from the department, on particularly the agenda details, I think, in the coming days.

Karen McCarthy:

Yeah, Melanie, one of the things we were talking about internally is, like you said, there will be a full day of general sessions. They have said that the conference is OB3 focused, but there will be one person from each institution attending.

And so unless that one person is in a single-person office, that one person may not have the expertise across the whole spectrum of OB3. So I think even amongst the schools who will be attending, there will be a lot of interest in the recordings because the person there might not be the right person for any given topic that they're covering. So I was thinking that. I was like, "Oh yeah, so somebody back home might need to watch this recording and the person who's attending would be interested in these two in any given day."

So it'll definitely be a little bit different in that way because you can't have your whole team covering all the areas of expertise at the conference like you could have in the past.

Melanie Storey:

Yeah, it's a good point, right? The person who may be in charge of accountability and reporting on the new accountability metrics would not necessarily be, particularly in a large institution, would definitely not be the person who would be focused on say default management and the new repayment plans. And the new loan limits, right?

Karen McCarthy:

And just the breadth of the bill is so ... Yeah, I think that will impact the vast majority of schools that they'll run into issues like that.

Melanie Storey:

Exactly, exactly. Even a smaller institution is going to have ... Even a small office of three to five people is going to vary in where to cover that. So all the more reason that there will be a lot of eagerness for those recordings. And for those who are in attendance to be able to share what they've learned, share the questions that might be asked and anything else that they may learn in smaller conversations, even though they're all general sessions and there will be Q&A.

You and I know even, all of us know, even from the NASFAA conference perspective, once you leave the stage, the hallways, the bathrooms, everything are fair game for questions. And sometimes you learn more in those conversations than you do in the bigger pieces.

Karen McCarthy:

I don't think I've gotten any questions in bathrooms. Have you gotten?

Melanie Storey:

No? Oh, lucky to you.

Karen McCarthy:

No.

Melanie Storey:

I can't say that's true for me.

Karen McCarthy:

I think I've escaped that.

Melanie Storey:

Okay. Count yourself lucky, but I can assure you. People are disagreed and polite, but movement in and out of the restrooms is definitely fair game for sometimes. It's okay. I understand. Folks are eager to get answers.

Karen McCarthy:

Yes.

Melanie Storey:

It's fair. It's fair.

So Karen, I think it'll be great to get answers to some questions, but still undoubtedly, because we will not have final regulations in March either. There will always be outstanding questions, but thankfully you and team and others have put together lots of resources on OB3 as we all work and hurdle towards this implementation dates. Anything you want to point out?

Karen McCarthy:

Yeah. There's a lot going on our OB3 web center, and it's really easy to remember it because it's just [NASFAA.org/ob3](http://NASFAA.org/ob3), the number three.

And so just as a preview of what we have coming up, one thing we did want to mention is that we have seen recently, I don't know if you've noticed this, Melanie, I know Nalia and I have talked about it. We've seen in some news coverage lately that some members of Congress have been referring to the One Big Beautiful Bill Act as the Working Families Tax Cut Act. Have you heard that at all?

So when we heard it, I know my reaction was, "Wait, what's that?"

Melanie Storey:

What is that?

Karen McCarthy:

Is there some other ... Did I miss some major piece of legislation? So it's the same bill. It's the One Big Beautiful Bill Act. So we did actually add some text on the web center that says, "Sometimes referred to," in case any ... So nobody gets confused about that.

I do wonder how that came about if there were second thoughts about the name of the bill or they wanted something more attractive.

Melanie Storey:

I don't know if that was happening in negotiation. I feel like we need a lexicon though, because it was HR1, we talk about it as the reconciliation bill, the One Big Beautiful Bill Act, OB3, and now that. They ...

Karen McCarthy:

I know.

Melanie Storey:

Really? We have five names for the same event.

Karen McCarthy:

Yeah. And originally our OB3 web center was the reconciliation web center. We're like, okay, we're beyond that. We need to change the name of that to reflect the actual ...

Nalia Medina:

And it was a little confusing because when our team was chatting about it internally, we also found that there was another bill introduced several months ago that also has this name. And that bill was introduced in March. So that's separate from OB3, but what we're talking about right now is OB3, but there is some confusion.

Melanie Storey:

When in doubt, assume that it is OB3, the One Big Beautiful Bill Act, the reconciliation bill, HR1, that upended a fair amount of our work.

Karen McCarthy:

Yeah. I don't want ... It's particularly our members who are a little overwhelmed with OB3 to be like, "What? Wait, what now? What else? What else is there?"

Melanie Storey:

Right.

Karen McCarthy:

So we'll be rolling out several new items on the web center, which I can give a little sneak preview of. A couple of them are up, but we will be announcing in today's news on Friday, February 6, which may be when you are hearing this.

But first of all, we do have the NPRM for the RISE committee. So we have the full analysis of what's in that MPRM, which is the consensus language. We'll be submitting comments. They are due on March 2. So it's a short 30-day comment window there.

Two of our most recent tools that we'll be announcing in Today's News, Friday, are related to the new student loan repayment plan options. We know that eventually our aid administrators will turn their attention to repayment plans. I know everybody is really focused much more on the front end of the loan process right now. But eventually, the financial aid administrators are going to start to get all those questions from their members about the new repayment plans when they roll out.

So we do have some options to help you understand. And so of course, we have a chart because we all love a good chart. And we do need a chart to sort through all of the options as of July 2026. Or we also, if you prefer flow charts, we have a flow chart that illustrates the same thing to walk you through for any given student what their repayment plan options will be.

We also recently, it has been up there for a little bit, rolled out a different flow chart to help you sort through the provision about the ineligibility for Pell Grants, if the student has received non-federal financial assistance up to their cost of attendance, to help aid administrators noodle through and grasp what that is all about.

I am very intrigued by this provision because all of our aid administrators think in the same way, and so everybody is getting confused in the same way and that this provision is not really about packaging. It is about the eligibility, like basic student eligibility to receive a Pell Grant. And I think once you wrap your heads around that, it becomes a lot easier to understand. So take a look at that flow chart, but it is super interesting how we all have the same mind. And so everybody is confused, but in the same way. So it is a little bit easier to address that with that flow chart.

We have a description of the loan changes that are in OB3 as a briefing tool for your campus leadership. So what are things that your leadership needs to know? So it is a little bit of a communication tips for the aid administrator to be able to work well within your institution. And because your leadership, of course, is asking you lots of questions and they need to know what they need to know in order to move forward in their own position.

And last but not least, I did want to plug a webinar that we are having actually on February 6. This is the webinar that will review all of the consensus language related to the AHEAD committee. So remember we had the two committees, RISE went first, they had consensus. Their NPRRM is out now for public comments. AHEAD followed, so they were in December and January. They also had consensus, so we know what will appear in the MPRM.

So we are conducting a webinar to get everybody up to speed on what the group agreed to. So we can all plan, what do we think about this? If you are considering commenting, you will know what you may be able to start pulling together for when that MPRM becomes available. We don't yet have an ETA for that second MPRM, but we'll go through the same exercise when we get that one. We will comment on that one. So this webinar is to get everybody up to speed on what the AHEAD committee came to agreement on.

Melanie Storey:

Great. Thanks, Karen. I'm always thrown by the time-space continuum of when we record and when we release and when [inaudible 00:24:05].

Karen McCarthy:

I know. I am too. And I never really know how to talk about it because I don't know when people will be listening.

Melanie Storey:

It happened. It is happening.

Karen McCarthy:

Yes.

Melanie Storey:

It will happen.

Karen McCarthy:

Yeah, sure.

Melanie Storey:

All of those things are true.

Karen McCarthy:

That's why I try to say days and dates, so not say tomorrow, because when might tomorrow be? Yeah.

Melanie Storey:

Who's to say? Who's to say?

Karen McCarthy:

Yep.

Melanie Storey:

Well, great. Well, thanks again. Thanks everyone. Thanks for joining another edition of "Off the Cuff" Inside the Beltway.

For those of you who will be joining us at leadership this coming week as of today, good travels, but also a good reminder for folks is that registration for the NASFAA 2026 National Conference has opened. Please consider joining us June 29 to July 2 at National Harbor or just outside of DC, National Harbor in Maryland, as we celebrate NASFAA's 60th anniversary. We are excited to welcome everyone to our backyard. So please consider registering.

Thanks again. Take care.