

NASFAA's "Off the Cuff" Podcast – Episode 353 Transcript

OTC Inside The Beltway: Pell Grant Shortfall Widens and the Draft 2027-28 FAFSA Opens for Public Comment

Speaker 1:

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Melanie Storey:

Hello, hello, and welcome back to NASFAA's Off the Cuff, Inside the Beltway edition. Pleased to have you join us today. I am Melanie Storey, president and CEO of NASFAA. And as always on Inside the Beltway, I am joined by Karen McCarthy. Hi Karen, how are you doing?

Karen McCarthy:

Hey. Hey everyone. Hi Melanie. How are you?

Melanie Storey:

I'm doing well. So Karen, you have a big week next week here in Washington. I know you're in Richmond, but I'm in Washington.

Karen McCarthy:

Yeah, with the FSA conference happening Wednesday through Friday, hopefully no snow.

Melanie Storey:

Oh yeah, I haven't looked. I haven't looked. Right before leadership, we had snowcrete and then we've had one more. All love up to our New England and coastal friends who are probably still digging out. I can speak for my New England family that they are. But no, I hope not. I hope that travel is easy and that TSA and PreCheck are working for all of those who take advantage of those opportunities for those who are traveling to DC because we still do not have a budget for the Department of Homeland Security. So that will be interesting to watch.

But yeah, so lots of activity. Excited for the FSA conference next week. It starts on Wednesday morning, I believe registration maybe opens at 08:00 with the content to kick off around 10:00 and runs through Friday. Over the last week, the department has posted more information on the agenda. I think maybe they did that week before last, but that's been out the agenda. And then just in these last couple of days, they have posted additional information on the actual session descriptions, who will be presenting, some information about the Ronald Reagan International Trade Center, which is where the conference will be.

So it's coming into focus what folks can expect. I think as we expected, we saw lots of just general sessions with a few breaks. We did see that they're recording all of the sessions and they hope to post them pretty quickly. I unofficially heard that they're hoping to be able to do it within a week or so. So

we'll be looking and certainly pointing out to folks when they are available. So yeah, one thing I would point out that they did post that I think is worth pointing out to folks who will be in attendance, and we know attendance was limited to one person per school and that may not be the individual who has a grasp on all things that are happening in the financial aid office, that it can depend on the institution. But they are going to have, I think what they're calling maybe their resource center, Student Aid Resource Center, something like that, which will be open the majority of the time the conference is going on.

But something I saw that I thought was particularly interesting, they are going to have available resources or people you can talk to if you're having problems on a whole host of issues or if you have questions. So in addition to what we know as the traditional Ask-A-Fed, right? Where folks can ask regulatory questions or they have anything that they want to talk there, they're also going to have resources on the COD system, Common Origination and Disbursement if you're having issues with EDExpress, FAFSA Partner Portal, any kind of servicer questions specifically on NSLDS, separate from servicers. So we know that the data in NSLDS, we've been getting a lot of questions on that. If you have questions, that may be an option for you.

But the other one I was really pleased to see was resources for Partner Connect. We talked, as you know Karen in previous podcasts, and you and I get regular outreach from members who are really frustrated or struggling to update information, get access to systems, certification, I mean a whole host of issues related to Partner Connect. So if you're having those issues and even if you're maybe not the primary person on your campus, you may want to bring all the information you can and find some time to try to talk with those folks at the conference. And so that's just I think going to be a really great opportunity for schools to be able to get answers to their questions at FSA.

Karen McCarthy:

Yeah. I think that's great that they are offering the resource center. There's been quite a clamoring for FSA to return to the in-person conference and the ability to ask questions to an actual person who's sitting across from you was one of the highlights that people really appreciated about the in-person conference. So I'm glad that people will have that opportunity when they're here next week.

Melanie Storey:

Yeah, I agree. There could be long lines, I don't know, but I definitely appreciate all of the department and FSA staff who will be and likely some of their technical staff or technical contractors who will be supporting there. But yeah, it's such an important part of the in-person conference and so really glad that they're being able to do that. I'll put a plug in. It'd be great. I know that they'll be making some announcements or I suspect, I don't know anything. I suspect they'll be making some announcements related to OB3, when we can start expecting to see additional information or other pieces. But I hope we might get some indication of whether or not they'll move back to the December timeframe. That probably feels like a lot to them when there's been so much work to pull this one off in March, but this is also peak processing season for a lot of institutions, so it's a tough time. So would be great if we can get a little peek into what maybe their plans will be for conferences going forward. Who knows? Who knows what we'll see.

But yeah, so excited to welcome folks. We have had some questions whether or not NASFAA will be at the conference or present at the conference. The answer is yes, they did do a lottery for non-institutional participants. And so NASFAA will have a presence at the conference. I will also just tease that please keep an eye on TN, Today's News. We'll have some updates about our presence at the conference next week. And I will remind folks that if you're a member of NASFAA, we do also have a

Slack community dedicated to the FSA training conference. And that's not just for people in attendance. That's so people in attendance can share things that they may hear or learn, but also for those who were unable to attend, to maybe seed some questions or ask questions about what they might be hearing.

I'll just also plug that it might be a great opportunity if you don't know anyone who's coming to the conference might be an opportunity to coordinate lunch or dinner plans with other financial aid officers, other financial aid professionals and other things that you might be able to do. We'll put the sign up for the Slack communities in the show notes. So if you are not already part, I think we've got over 300 people in the community now, but if you haven't joined yet, we'll put that in the show notes.

We know folks are coming from far and wide and quite frankly when they are here in DC, they'll be staying far and wide because it was quite, I think for some folks a challenge to find places, accommodations where they could have easy access to the Ronald Reagan Trade Center and International Trade Center and metro accessible and all of those things. But if you do have some time, I will say the Ronald Reagan building is a great building in the center business district of downtown DC. It's very safe. It is right there on Pennsylvania Avenue, depending on which way you step out, you can peek down Pennsylvania Avenue and see the Capitol. It's a short walk to the National Mall, closest to probably the Washington monument. But if you haven't spent much time in DC and you're here to see the monuments, it's a pretty direct walk and safe walk there. And if we don't have snow and it's fairly warm, I definitely recommend that.

So lots to see. There's really what used to be the old Post Office building is now a Waldorf Astoria hotel just a block away. So that particular area has lots of different things if you've got time on your lunch break to stretch your legs or a little bit before or after the sessions to spend some time in Washington DC. See that there are some beautiful parts of the city, even though sometimes we are not fully functional, but we genuinely appreciate everyone who is making the journey to Washington. We know it's a busy time and we are hopeful and wish the department luck that this is an informative and meaningful conference for all involved.

So let's see. So there's been some other news over the last week, Karen. One thing that we're seeing getting a little bit of ink in the press, if we call it ink anymore, around the Pell shortfall and we saw some estimates out of CBO. You want to say a little bit about that?

Karen McCarthy:

And I think that I get questions about what the Pell shortfall is when I travel around and speak to our members. So I thought I'd do a little bit of a remedial Pell shortfall also. But the CBO is the Congressional Budget Office and last week they released a report with projections of what that shortfall will be for the Pell Grant program, assuming that nothing changes. So the program does not receive any additional funding and accounting for inflation. So a projection of the path that we are on. And so what they found was that for fiscal year 2027 and that would fund the '27, '28 award year, so that's the Pell year that we're talking about. The Pell Grant program faces an annual shortfall of nearly 11 and a half billion dollars and it continues to grow every year over the next 10 years. So CBO generally projects out 10 years, which is why some people might be wondering why are we talking about 10 years from now? But that's how budget analyses work.

And so when you add up the shortfall for each year over the next 10 years, it ultimately the cumulative shortfall adds up to up until from 2026 through 2036, \$132 billion. So we won't really spend a lot of time on the \$132 billion because a long way into the future and assumes that absolutely nothing changes. But when I am explaining what is the shortfall, what is it, what does it represent? I tend to use a bank account as an analogy in that the shortfall means that we are an overdraft situation. So we do not have

enough money to pay all of our bills and in this case the bills would be Pell Awards, disbursements out to eligible students. And so the opposite of the shortfall is when we are running a surplus and I think of the surplus as rainy day money, it is extra money that we have for a rainy day, meaning a year in which we don't have enough money. And so we have this extra in this bank account that we're able to draw on.

And because we, sometimes things happen and some years we have a surplus and some years we have a shortfall, lately we've been trending more towards the shortfall, we, the people who work in this Pell space and support the program really want to protect that surplus. And what often happens is that Congress will raid that surplus in order to fund other things. And we do not like it when that happens because we know one of these days we are going to need that surplus money.

Melanie Storey:

Our rainy day fund is raided for someone else's expenditures and now it's raining on the Pell Grant program.

Karen McCarthy:

Yes. So now we are in a shortfall situation and we are running short of money. And those of you who are astute may remember from the One Big Beautiful Bill when it passed in July, they actually included in that because everything related to the One Big Beautiful Bill had to be budget related, and we actually received an influx of money through that bill, 10 and a half billion dollars that was added to Pell funding. So they deposited that. And so these shortfall numbers already account for the 10 and a half billion. That was the first question I had. Are we counting that 10 and a half billion and we're still running that much of a shortfall? And we are. So that is the lay of the land in terms of Pell funding and the shortfall situation. I know we had a lot of other points. Did you want to jump in there, Melanie, now that I have used my bank account analogy?

Melanie Storey:

Yeah, so it's a great analogy, Karen, and some people wonder how do we get into this sort of idea of shortfall and surplus? And that is because how we predict the expenditures for Pell Grants is forward funded as you mentioned, but it's a little bit art and science, how we have to estimate it. And this is because it is still funded with a good amount of discretionary money which needs to be budgeted. And then there is additional mandatory money. We talked about that. Mandatory money means that's how the loan programs are funded. So mandatory money is you get the money that you need.

Karen McCarthy:

You get the money. Yeah.

Melanie Storey:

That is not what happens in the Pell Grant program. And so the Department of Education-

Karen McCarthy:

Which is crazy. I mean, it's crazy.

Melanie Storey:

It's a little crazy when you think about the fact how Pell grants are awarded is as a quasi-entitlement. It tends to be entitlements that are mandatory funded. So when we talk about entitlements like student loans and other things like in other mandatory expenditures, they are entitlement spending. If you're eligible, you get it. Right? That's-

Karen McCarthy:

Yeah. The money doesn't run out.

Melanie Storey:

Exactly.

Karen McCarthy:

That's how I... Yeah, you're eligible, you get it.

Melanie Storey:

Yeah, exactly. So the Pell Grant program runs like an entitlement, but it's not funded like one, which is where you get this conflict. So the little bit of art and science is the Department of Education and Congressional Budget Office and others do these projections of the Pell Grant program. And so what does that take into account? Enrollment projections, so how many students they think will enroll? What impacts enrollment? Demographics. So we have a demographic cliff we're talking about right now, but it also can be the economy. So you talk about economic projections. So you're now looking-

Karen McCarthy:

Hard to do .Yeah.

Melanie Storey:

You're looking at employment.

Karen McCarthy:

Art, not a science, right?

Melanie Storey:

Art and science. So now you're looking at employment and economic conditions because we know that Pell Grant demand is countercyclical. So if you're in a recession or if you are in high unemployment that we tend to see demand for additional post-secondary training go up and demand for Pell grants to go up, this is fine. People need to rescale or upscale. This isn't terrible news, but there's a lot of moving parts that all go into these estimates and they're never right. And that's not a criticism any of the great economic science going into this, it's just a lot of moving pieces and you do your best, but that's how we fund it. And then you get these surpluses and shortfalls.

The other thing that we should say about the shortfall in particular is that we have seen two pieces of significant legislation now in the last we'll say six years, that will increase grant expenditures. And they were both bipartisan. Well, one was bipartisan and the other was OB3, which was passed through Congress. And so although I will say Workforce Pell was bipartisan, so maybe that's all bipartisan, right? In hindsight. But the fastest simplification in the Future Act clearly intended to expand eligibility for

federal aid including Pell Grants. And so we will see the increased pressure on the program as we are now in full implementation of fastest implementation.

Karen McCarthy:

And it's working.

Melanie Storey:

And it's working, right? Go figure. And this is where I talk about art and science. Right now, we're going to have the expansion of the Pell program. I like to say it's not a new program, Workforce Pell is just an expansion of an existing program, into these additional shorter programs. That is also then going to put upward pressure on the costs of the Pell Grant program, which are already topping 30 billion, right? Approaching 35 billion, somewhere in that neighborhood. So we have these bipartisan efforts.

Karen McCarthy:

We also, the other thing that we also had is Pell for incarcerated learners, which was also an expansion of the Pell program.

Melanie Storey:

Exactly. So we have this bipartisan support across these different approaches that are driving the program costs. And now we are struggling with funding. So there's this commitment to expanding access, and we're not always seeing the same commitment to the funding. And I don't want to diminish the pressure on appropriators for this and the difficulty of filling these shortfalls. That \$10 billion in OB3 was a heavy lift and a lot because running the program in a shortfall environment means either eventually the hole has to be plugged or it gets too big. We would welcome a movement towards mandatory funding where there'd be an opportunity.

Karen McCarthy:

Yes, because then we wouldn't be subject to this every year. Yes.

Melanie Storey:

Yeah. This would no longer be an issue. We would welcome that. I mean the risky part for students and families is if we run shortfalls year over year and that hole becomes more than Congress feels like they can fill is when we will see potential reductions in the program. And that could mean different things. It could mean a reduction in the maximum Pell, it could mean changes in eligibility again. I mean, there's a host of levers there, but we certainly would argue that you made a commitment to expand the program. Constraining it in response to that is inconsistent.

Karen McCarthy:

Yeah. I just wanted to add one thing on the part about the levers and changing eligibility or reducing awards that people in our community when hearing about the shortfall are wondering because with a responsible family budget, and this is where my bank account analogy falls apart, you can't just keep running an overdraft like we're talking about, that eventually the bill comes due.

Melanie Storey:

Yes.

Karen McCarthy:

And so the question is would they make any changes to the Pell program for the upcoming year? And I mean Congress could do that, but if the projections are on target and there's no additional funding, then we would not expect to see any type of disruptions until like '28, '29 is what their analysis said.

Melanie Storey:

Yeah.

Karen McCarthy:

So it weighs off. So there is a problem, but it's not on top of us for this current year or for the upcoming school year.

Melanie Storey:

Correct. We may see some signaling of approaches in budget recommendation. We might see something in the president's budget, which of course is just largely a messaging bill. It's possible we could see some other items, which to your point because it's forward funded it's seven, eight. I always have to count out these things.

Karen McCarthy:

Yes.

Melanie Storey:

But it would be quite out of character to make a change for this year. We're already doing eight awards. It would be a dramatic, very dramatic approach to then have to rescind any kind of money that students and families may have already been notified that they would potentially be eligible for. And not to be purely political about it, but boy, that would be tough in an election year. We are in a midterm year. So I agree Congress could, but I would certainly hope that we would... I don't think we would see something in this year. But as the shortfall grows year after year, as you said, the pressure on finding ways to address it, again, funding it or mandatory funding is another option outside of Pell program restrictions.

Karen McCarthy:

Yeah. And I think the struggle with advocacy around shifting the discretionary funding over to mandatory is that you're basically asking Congress to give up some of their control of the funding of the program. And the natural tendency is for them not to want to give that up, to make it mandatory.

Melanie Storey:

Agreed. Agreed. It's tough.

Karen McCarthy:

And we have seen in the past, I mean it has been a while I think, but we have seen where they have tightened up the eligibility around Pell Grants. Those of you who have been around for a while, remember that when we used to have 18 semesters of a Pell LEU and that has... So all of that, those numbers going from shortening the Pell LEU affects the budget projection. So all of, any kind of that tightening with the year-round Pell, we had that, then it went away, then it came back. So that affects how many Pell dollars are going out the door in any given year.

Melanie Storey:

Yep. And the minimum Pell has been another lever. What's the minimum Pell? There's various ways. Way back, even before my time, there were years when they did do a rateable reduction in the maximum Pell, but that was, we haven't seen that for decades and decades.

Karen McCarthy:

Yeah. So there's different ways they could make eligibility changes if they ever got to that point, which we again are not advising will be happening tomorrow, most likely.

Melanie Storey:

Correct. Correct. But it is important. And the shortfall is something that both the authorizers and appropriators on the Hill watch really carefully because it is difficult for them when the shortfall gets out-sized.

Karen McCarthy:

right.

Melanie Storey:

So yeah. There you go. That was a lot. And welcome to our primer on Pell Grant shortfalls and surpluses. And speaking of driving eligibility, let's talk about the FAFSA. So Karen, you want to talk, we saw that the draft '27, I can't even think, '27, '28, my goodness.

Karen McCarthy:

Yes.

Melanie Storey:

The draft '27, '28 FAFSA was published for review and comment. Do you want to say a little bit about what we see there and what folks maybe want to comment on?

Karen McCarthy:

Yeah. So as a little bit of background, they are required to have two public comment periods on the draft FAFSA. This is the first one, this is the 60-day public comment. The comments are due the middle of April, I think it's the 14th, and then there will be another 30-day public comment period prior to the FAFSA going live on October 01. Because the public comment period runs through the Federal Register and they have, you're commenting on documents that are posted there, we're forced into this commenting process that doesn't work well with the FAFSA generally because you are looking at the PDF of the paper FAFSA and those are the documents, the supporting documents that you are seeing to comment on. However, I will say that this is your chance to comment on other things FAFSA related, user experience-wise, anything related to the online FAFSA, you're not restricted to commenting on how particular questions are worded because you're looking at a paper FAFSA and that's what you're seeing in those documents.

So comment away on anything FAFSA-related. I do know from working with the FAFSA team that a lot of their programming, they have quite an extensive lead time requirement in order to get things set for the upcoming year. So I don't want people to be disappointed if they have super great ideas that would require a lot of programming and FSA is not able to do them for the upcoming FAFSA. We do know that

they read every comment. I know that they have a long list of things that they would like to do, so it might not make it into this year's FAFSA, but will end up staying on their list for consideration for future years. So it's always worth it to make your comments, even if they're not able to incorporate for this upcoming year.

They did in their release have a summary of changes. And so two of the most noteworthy there was that they will be starting, I think for the first time since we have had the new FAFSA, starting to do something akin to a renewal FAFSA. I don't think they're using that terminology because it won't exactly be a renewal like how we knew the renewal to be. But they will be doing some pre-population in the upcoming years' FAFSA of information that was provided on the prior year. So some type of rollover. And my understanding is that they have not yet finalized exactly what those fields will be, and they do not specify what they are in this FAFSA comment. So if you have an idea of what would make sense to use as those rollover fields, I think this is a great opportunity to make those suggestions. And again, it might be too complicated to do in this upcoming year, but they agree with you conceptually, it might end up on a list for a future year.

So that is one big thing. Finally, I know people have been asking about this and it's now risen to the top of the list there. So they're doing a little bit of that pre-population from year to year. And then the other thing that they mentioned is that they will be, again, to try to streamline the process for people who are doing this multiple times for contributors who are, excuse me, contributing to more than one FAFSA. So this is, I think most commonly for parents who have multiple children and they want to be able to have their information apply to different FAFSAs. They will be incorporating that in this upcoming year's FAFSA. But yeah, go at it with your FAFSA comments. I know that they love to receive the feedback and suggestions and they're keeping track of all of them and hopefully we'll be able to incorporate if not this year, in future years.

Melanie Storey:

And again, they do that through the Federal Register process. So we can include a link to that notice or to our story where you can link through that. But so funny, I have been referring it as a renewal application. I mean, just own it and claim it, right? But it may not be all the fields. But now remember, we had to go, part of the solution to get FAFSA back on track was we had to let go of that pre-population. So this is a great step forward. Kudos to the department for that, but that is complicated and will require a fair amount of system processing or testing and development. And so similarly, same with the two contributor with more than one application, whether it's themselves and their child or more than one student in college.

But again, agree, couldn't agree more. If there are things that you think are important, go ahead and comment on them. We hear from the department, they want to hear the questions, they want to hear the suggestions. And so this is an opportunity for you to get that in front of them and documented. They do have to review every comment and respond, even if sometimes the response is, "Thank you for your comments. We'll take this under advisement." Or something to that effect. But yeah, I think some exciting changes there. And even with the change maybe not quite fully a renewal app now with the connection to the IRS, there's fewer data elements that have to pre-populate or consider. We were never going to pre-populate income before, but now you have the Future Act connections as well as the pre-population. So yeah, I'm excited for that. And so as you said, the 60-day comments close, I'm sorry, you said April 14th? Is that right? Something like that?

Karen McCarthy:

Yeah, the middle of April. And one other thing on the comments, because we've had some questions in general about public commenting and that process, and it is a little bit complicated, I will admit, because of the federal processes. And you go out to regulations.gov and you enter in, they call it the docket ID that will bring you to the exact documents, but once you find get there, it is, I mean I think they make it very easy because you can either upload a document, attach a document, so you can write out your comments in Word or PDF, whatever, and then just upload it or they have a text box, if you have something just short and sweet to say, you can just type it right in the text box and go on from there. I think the most challenging part is finding where you put your comments, but once you get there, getting your comments in there is easy peasy.

Melanie Storey:

Yeah, the Federal Register process is a little bit more confusing to folks, and it's the same process when negotiated rulemaking comments is open for comments. So get familiar with the process. It really is important that the department hear from you on any of these issues. Great. Thanks, Karen.

So speaking of the department may want to hear from you on some issues, we have had a lot of questions and I talk about negotiated rulemaking comments. This isn't about that, but I do want to talk a little bit about some of our information and things we can do and questions we are getting around private loans and private lending. Obviously those questions largely driven because of the changes that we see coming through the One Big Beautiful Bill Act or OB3. So we recognize the increasing importance of private lending with those changes on the horizon. And it has really elevated lots of questions about navigating private lending, counseling for private lending, et cetera.

So we have put together a number of materials that you can find in either our OB3 web center and other places on our website. We will continue to develop other resources. Back on February 4th, we hosted a webinar about, I think it was titled Inside Private Loans or something like that, A Conversation with Leaders or something to that effect. And that was a session that was really recommended and designed by NASFAA's Associate Member Advisory Board. This is our vendor partners and corporate memberships, the associate members, it was their advisory board and they really felt like the session could be helpful. We hosted leaders of several of the advisory board member orgs. So it was College Ave and Elm Resources, and I want to say MEFA, the Massachusetts nonprofit lender, Sallie Mae, SoFi. And what we had hoped that this webinar would provide would be an opportunity for financial aid professionals for our members to understand what these organizations were looking at and the realities of the private lending market at a very high level. I think we definitely got feedback from members and we appreciate that.

I think there was some frustration because I think the membership also... A number of the participants were really eager for more detailed information than you're going to get from the leadership of those organizations. But what I think we heard and what we had hoped to share in that webinar was just preparing our members about how to advise students effectively and avoid surprises for what can and can't be done in the private market in the very near term. And I just want to be really honest, we know that this is a significant pain point right now with the loss of Grad PLUS, how to find other financing vehicles and council students. We know this is really what I call the white hot time of trying to figure out what to do in this near term.

And what we heard from those leaders was they're also trying to navigate this aggressive timeline, but they really don't have the data and what they would need to develop new products, new loan items, but they're looking towards that. And I think that was a source of frustration because we need solutions now. And I think what we heard or maybe didn't hear is that there aren't easy solutions for any of us right now. And I think that was frustrating, and I understand that there may have been a misalignment

of what we were trying to communicate and what folks wanted and needed, but I think it's still important to have those conversations, but it doesn't preclude having other conversations. And we will continue to have a number of, like I said, both resources and webinars and other things related to private lending as we try to navigate through all of these significant loan changes.

We have one coming up, I think next week, I want to say. This would be another, I think this would be what we call a sponsored webinar. So keep a lookout for that. I believe we will be inviting, I believe it's going to be led by Juno. Oh, it is next week. Sorry, I'm looking now March 3rd. It's a NASFAA Business Affiliate Webinar. Compliant Ways to Educate Your Students About Grad PLUS Alternatives. So Juno is going to present that session. We'll hear from them as they walk through different compliant and student-centered approaches to educating graduate students, how to provide transparent and neutral information about what financing vehicles might be available to them.

So that's just, again, another opportunity. It is a sponsored webinar by Juno, but I know Karen, you and your team also have already started putting materials together, and as I said, we have some already available, but for some of our members who maybe were not around prior to the full movement to direct lending and federal lending in the days of more private lending and FFEL supported lending, just an understanding of the private loan market, how it works. Also maybe some tools to help both students and institutions navigate and predict. I don't know if you want to talk about the new loan, the new tool that we posted in recent weeks to help institutions estimate their demand for loans. I'll pause there and see if you want to say anything about that.

Karen McCarthy:

Yeah. I can absolutely say something about that. So as you mentioned, we know that the big looming cliff here is that we expect that there will be funding gaps for individual students where the current loan limits that we will be facing as of July 1st will not fully meet their needs. And so if they are to be fully funded, something will need to fill in that hole no matter, whatever that funding source might be. And so at some institutions that have really robust research and institutional support, they have been able to already be very on top of this in terms of the impact at their institution and their individual borrowers. So they have been able to run numbers and see how many Parent PLUS loans did we make last year that were higher than the annual loan limit that we'll be facing this upcoming year. I mean, that's an easy, a pretty easy number to run.

But when you figure out, when you take into account all of the changes in OB3 together with the legacy eligibility and when people are expected to complete their credential and how long they'll be eligible for the legacy loan limits and all of that, it gets a little complicated quickly. And some institutions, more well-resourced institutions are able to run those numbers and already are making their plans. Going forward, this is what we are facing. But we have a lot of school members that don't have those resources available to them and are still interested in having that information at their fingertips.

So we created this funding gaps model that is basically just an Excel spreadsheet. It harkens back to when we did the SAI calculator, but not quite as complicated as that. It's an Excel spreadsheet that the school can download and then import their student-specific information and then play with it in any way so that it will give them an indication of how big are these gaps that my students are going to face? And then, okay, so what are our next steps and how do we move forward in terms of communication? Are there other sources of funding within your institution and your business office and bills getting paid? And all of those types of things to help those not quite as well-resourced institutions to be able to have that information so that they can make well-informed decisions moving forward.

Melanie Storey:

Great. Thanks, Karen. So yeah, just acknowledging that there is a lot of outstanding questions around the funding gaps with the changes in the loan limits as well as the elimination of Grad PLUS, we are working hard to put together as many resources as possible. We appreciate your feedback on the resources and webinars and other things that we have put forward. If you have other ideas, do please let us know. We'll continue to try to develop those resources. I know we are all working hard to try to navigate such a significant amount of change in a very short period of time, and that in many ways includes our colleagues at the Department of Education who are eagerly trying to get through common periods and final rules and notice of proposed rules and PRM language because we will be needing all of that information, well, in some cases today or yesterday.

So we are eager to get more information, but we at NASCAR are also eager to give you as much as we can find out and tools to help navigate that. And so just wanted to spend a few minutes today acknowledging that and highlighting some of the materials that we've already done and some of the things we are planning on doing. So with that, I think we've covered an awful lot today. So thanks everyone for joining us. For those who are traveling to the FSA training conference, good travels. For those who are not, please do join the Slack community. I think it'll be an important tool for us to communicate and learn together what the department will be sharing next week. And as I said, keep track of TN, Today's News, using TNR. Today's News, we'll be reporting daily. We don't have a podcast scheduled for next week, but I assure you we will be scheduling a podcast for a full review of what we learn at the FSA training conference. So thanks, Karen. Thanks everyone very much for joining. Have a great day.