NASFAA's "Off the Cuff" Podcast – Episode 371 Transcript

Live From FSA, It's the 2027-28 FAFSA

Hugh Ferguson:

Hey, everyone. Welcome back to another episode of "Off the Cuff." I'm Hugh Ferguson with our communications team.

Jill Desjean:

I'm Jill Desjean with NASFAA's policy team.

Sarah Austin:

And I'm Sarah Austin, also with the policy team.

Hugh Ferguson:

Welcome back, Jill and Sarah. It's been a minute since we've gotten together to chat about all the happenings at the department and other student aid updates. Slowly transitioning into the fall season now. It's really nice to feel a chill in the air.

Sarah Austin:

Nice.

Jill Desjean:

It is.

Hugh Ferguson:

I don't know if you two were very much over summer, but I was.

Jill Desjean:

I like summer in concept, but a DC summer is something you can get over pretty quickly.

Hugh Ferguson:

Yeah.

Sarah Austin:

Yeah. I actually love summer, but the second I feel that chill in the air, I am full on into fall. It's actually not, I think it's like 80 degrees here today, but I'm wearing a sweater because I've decided it's fall.

Hugh Ferguson:

Yeah. I feel like once I go to the grocery store and I start stocking up on autumnal themed things, the weather's irrelevant. It's fall in my head.

Sarah Austin:

Yes. I have my ghost [inaudible 00:01:11] mug today. All the fall things.

Hugh Ferguson:

All the fall things, heading into spooky season, and as we get towards the end of September, it's another FAFSA season that's underway. So yeah, Sarah, I wonder, could you catch us up on what's going on with the '27-'28 FAFSA?

Sarah Austin:

Yes. So hot off the press, I'd say yesterday, the 23rd, the '27-'28 FAFSA is officially live. Of course, it was already available in the beta testing period, but now, this is really the official launch now that the beta testing period is done. And so, the official launch date was yesterday, the 23rd. And according to FSA, this was the earliest it's been launched in program history, and it's the second year in a row that it's actually launched ahead of the October 1 statutory deadline. So the FAFSA now has to be launched by October 1 each year. And this is the second year in a row that it's launched about a week before that.

Hugh Ferguson:

Great. Yeah. So now, we have students coming out of the beta environment, and all the messaging is focused around the application being official now. Is there anything in particular that students need to know now that we've entered into this live phase of the form?

Sarah Austin:

Yeah. So the first thing I would say is that if a student did complete the FAFSA during the beta period, they don't need to do it again. So that was a real FAFSA, real data, real ISIR that got sent to the school, so they don't need to do it again. Schools should not expect them to do it again. That ISIR that they received is the official one. So even though schools were not required to do anything with the ISIRs during the beta period, they should have received them, assuming they can pull them in. And that data was actually transmitted to the school. So again, no need to redo it. Those are real FAFSAs, real ISIRs, and now, the schools can start processing those.

There were no huge changes, I'd say, from '26-'27 to the '27-'28 FAFSA, but there were quite a few rewordings, so new question text, new response options, how they were worded, so the essence of the question didn't change, but just how it was worded. Things like the high school completion question, the year in school, the unaccompanied homeless youth question, so things that kind of tripped up applicants before, maybe the wording just was a little bit confusing, they were answering it incorrectly. I know we've heard from our members that high school completion question, students answer that they did not complete high school, that they did not know, and really, they would have a high school diploma. So just trying to fix the wording. I know they did some testing on what wording works best with users. So there were some text changes. Also, some additional help text was added in certain areas to try and make sure that we're getting the most accurate responses and then eliminating the need for follow-up with the financial aid offices, which obviously is what we would hope for.

There's also now the option to text message the contributor invite. So instead of just it being via email, a student or an applicant could now text the contributor invite to their required contributors. And in the last cycle, the '26-'27 cycle, there actually was quite a bit of improvements made to that whole contributor invite process, so things like better wording on the actual invitation that gets sent via email, the fact that a student would just have a simple code they could give their contributor to then access their portion. But now, this is even a smoother process allowing it to go out via text. So I think that whole process has really been improved over the last two cycles.

Also, in a press release that the department put out about the FAFSA being officially launched for '27-'28, they did mention that renewal data will be pre-populated starting later this fall, so meaning if a student completed a FAFSA in one year and then they complete the next year or a following year, then some of that data will be pre-populated for them. Similar to what we used to call the renewal FAFSA. They really aren't calling it a renewal FAFSA anymore, but just pre-population of renewal data. But again, that's not live right now from what we can see, but they did say it would be later this fall that that functionality would be there. I wouldn't say to wait or to counsel students to wait for that. The FAFSA already is so much simpler and so much quicker. I would not be waiting just to have that pre-population of data.

Again, we always say that apply early, don't miss any deadlines, that sort of thing. So while that will be a nice feature to have in the future, I don't think it should sway anyone to wait for that functionality before filling out the FAFSA. They also, in the '26-'27 cycle, had the ability to pre-populate data if you're completing more than one FAFSA, so this is different than the renewal data. It's if someone is completing multiple FAFSAs in the same year. So like a parent, if they have two kids in college at the same time, they only have to complete their information once, and then it will carry over to both.

So what I will say is that no major changes, but we really are kind of getting to the point where it feels like we're reaching those goals of FAFSA simplification. We're getting to the point where students can complete their FAFSA in very... Most cases, they're saying now, are under 15 minutes, so very quickly, very easily. So we're really getting towards the phase where things are just happening as more enhancements, not fixing issues, not having major issues that need any sort of fixing. So we're kind of in this whole other phase of the FAFSA now, which is a really good place to be compared to where we were at a few years ago. So overall, I think that we're seeing good progress, and I think the early launch is a good sign as well, giving, of course, schools more time to process, but also just getting to a more predictable, more stable FAFSA environment.

Hugh Ferguson:

Yeah, for sure. And now that we're in the live environment, well, it is the official kickoff of the FAFSA season for students to get their forms ready and start on their process for enrolling in post-secondary education. So as this system is now live, and I would think that all students are now aware that this is happening or are hopefully becoming aware in the coming weeks, are there any resources that we've been highlighting or want to share that could be helpful?

Sarah Austin:

Yeah. So one of the things that I always find helpful, I don't know if other people do too, is seeing the actual paper FAFSA. So even though the majority of applicants are going to submit online and we encourage that, there's the skip logic, there's the direct transfer of information from the IRS, all of that. The paper FAFSA is still out there and, of course, can still be used, but I find it really helpful to look at that and just be able to see the questions. How are they worded? What are they asking? What's the help text? Because that really does mirror a lot of what we see on the online FAFSA, and so I always find that helpful. So those are now out on the studentaid.gov site. You can see the English and Spanish version of the FAFSA PDF. I don't see the incarcerated applicant form yet, but I do feel like I remember that always being uploaded a little bit later. That seems like what happened last year, too.

So anyways, those resources are out there. So even if a student wanted to just get an idea of what the questions are before they actually start filling it out in the online environment, they can look at the paper FAFSA on studentaid.gov. For our members, I also suggest the prototype, which we've now had for a couple years, but the '27-'28 prototype is out there and it's available. And it is quite a bit more robust than we've seen in previous years. It has more scenarios and you can do a lot more with it now, so that may be helpful. And then, also, there's a FAFSA preview presentation that the department put out. It's like a slide deck of all of these different scenarios kind of walking you through the FAFSA. And when I was looking at it yesterday, just kind of preparing for this, I was really shocked at how many different scenarios they're now showing in that preview presentation.

So it is pretty helpful if you wanted to see what does the contributor see, what does the student see if they need to change their contributor, that sort of thing. You can look at the slides that they have uploaded there. And then, finally, I will plug our friends over on the Training and Regulatory Assistance team at NASFAA. They are putting on a '27-'28 FAFSA update webinar on October 14th. So if you do want to see them go through all of the changes and the overall '27-'28 FAFSA information, I would definitely register for that. And I'm sure we can link out to that on our show notes if anyone's interested.

Hugh Ferguson:

Yeah, for sure. We will definitely have links to all those resources in the show notes for folks that they can check out on our NASFAA webpage. So yeah, we're now into FAFSA season and it seems like, knock on wood, that FAFSA is sticking to its season of the fall and following somewhat predictable steps now. So that's exciting. So yeah, while the FAFSA's sticking to the fall season, we have some other policy updates that seem to be happening all year round, particularly related to OB3. Jill, can you catch us up on what's been happening over the summer and what are the latest developments for guidance coming out of OB3?

Jill Desjean:

Yeah, yeah. I'm loving that you're sticking with this seasonal theme, and it's appropriate that we're over summer is how we started this off. And I think we're all kind of over OB3 implementation, which began in the summer. So on that theme, expected time to credential. I'll give a little background because I know not all of our listeners are financial aid administrators, but if you're a financial aid administrator, it's a good time to grab your pumpkin spice latte while I fill everyone in. Just as a quick reminder, the OBBA implements these new loan limits, eliminates the Graduate PLUS loan, greatly limits Parent PLUS loan borrowing, and applies these new loan limits for graduate and professional students. And it includes an exception, a limited exception for students who are currently enrolled so that they didn't have the rug pulled out from under them and have this sudden shift in their eligibility.

But the limited exception has limits. It is up to three years maximum or the student's expected time to credential, whichever comes first. And so, we generally, for financial aid eligibility, didn't really think too much about how long is it going to take this student to finish their degree. It's obviously a relevant concern in terms of indebtedness and Pell Grant limits and things like that, but it wasn't math you had to do to figure out someone's eligibility. Now, it is. And so, schools need to determine not just does the student qualify for the exception to the new loan limits, but for how long? And so, what members needed to know, what financial aid administrators need to know, our members, is do you calculate the student's expected time to credential based on how many credits toward the total number of credits they need for their degree or based on how many years out of the length of the program they have completed?

NASFAA made a case in our comments to the proposed rule for the credit-based method. We said, "Look, a full-time student and a part-time student are going to take different times to earn their credentials." A half-time student is going to take twice as long. That's just what it is. It's not a bad thing. It's not a failure. They're enrolling in fewer classes because they're doing other things with their lives, and so it's going to take them longer to get their degree. They should be allowed to get a longer time to qualify for this limited exception up to the three-year cap. This wasn't something where people could linger forever. It was really only up to three years. And so, we made that case, and the department responded as they have to all public comments and said that they disagreed. They said that this really should be based on time.

Hugh Ferguson:

So Jill, what exactly has changed here?

Jill Desjean:

Yeah, so like I said, all along, in a lot of different... In the final rule, in May 20th FAQ document, in office hours and webinars, the department was saying, "Time-based methodology, time-based methodology." How long has the student been enrolled, and that's how you figure out how much time they have left, except for transfer students, which had always been carved out as an exception because it's a really hard thing to figure out if you get somebody who's transferring credits in, how long they were enrolled to earn those credits. So it was this sort of bifurcated system. Then, on August 12th, the department held a webinar and they described their calculating the expected time to credential for a non-transfer student using credits completed rather than this previous time-based calculation. And so, of course, that raised a lot of confusion among the NASFAA staff who were, of course, live slacking during the webinar saying, "Did you hear that? Is that right?"

And our members, of course, also who'd grown very accustomed to hearing this other methodology being promoted by the department as the right way to do things and now learning that the department is saying something different. And so, we were struggling with how to answer that because we had not yet heard something official from the department updating any of their guidance. And so, just last week on September 17th, we put out a Q&A document that was drafted by an attorney who had worked in the Department of Education's Office of General Counsel for 30 years, so someone with a lot of experience and a lot of Department of Education experience, and she's currently working privately as an attorney still.

And this was just meant to help our members to try to sort through, "Okay, what happens when there's official guidance that says one thing, there's a lot of unofficial guidance that supports that, and then there's a webinar that says something different? Which thing is correct, the most recent thing that got said, the most official thing that got said? What is the most official thing if there are a lot of sources?" So many different questions.

So the things we tried to address there were things like, is that August 12th webinar official Department of Education guidance? Where do webinars sit in sort of the hierarchy of guidance? If so, are institutions required to comply with that guidance and do they have to go back and adjust aid for people that they use the old methodology? Is it a moving forward kind of thing? Can they make that decision case by case? Can they do it student by student, whatever it might be? And just kind of broadly, what's a best practice here? What should the institution be doing? And so, we will include a link to that ETTC document in our show notes. I'm not going to read it to you all, so no spoilers, except I guess I might say spoiler alert.

A lot of the answers are you need to work with your legal counsel, so be prepared. This is a very sticky and weedy topic. A lot of the document really kind of focuses on minimizing risk to your institution. So you might be able to do A or B, this is the least risky solution, but you should work with everyone on your campus to figure out what your institution wants to do.

Hugh Ferguson:

For sure. Yeah, it's definitely a very helpful resource to have, and sometimes it's hard to just talk through these issues. It's good to just look at a physical document and be able to cross reference where things stand because even simple timelines can become very convoluted with changes and guidance and updates and different interventions. Yeah, so really appreciate your help on that, Jill. And there's still going to be more developments with OB3 that we'll continue to monitor, but we've also seen more complicated timelines having to do with the student loan portfolio over the summer. And even though we're transitioning into fall, we're still seeing some updates from litigation concerning the SAVE plan. And Sarah, I know you've been following this closely. Can you catch us up on what's been happening over the summer and where things stand with this timeline?

Sarah Austin:

Yeah, I will agree. Everything seems like we're keeping a giant timeline of all the things that are changing, all different topics, all at the same time. Everything's changing. I'm very impressed with our members who are able to keep track of all this stuff because they're also doing their day jobs as well of packaging and dispersing aid. So it's quite a lot going on all at once. But yes, one of the things I wanted to mention today, just in case anyone missed it, was that there's a key deadline coming up for some borrowers who are currently enrolled in the SAVE plan. So back on July 1st, the department actually said that loan servicers would begin contacting borrowers who are enrolled in the SAVE plan, instructing them that they need to move out of the SAVE plan and pick a different repayment plan within 90 days of that notice, or they would be automatically moved into the new tiered standard plan, which, for some borrowers, would be a huge change to their repayment, their monthly payments, all that.

So again, they were going to start notifying borrowers on July 1. So if a loan servicer did in fact deliver that notice to their borrowers on July 1, the 90 days would be coming up next week, I believe the 29th. So that's kind of the soonest deadline there could be for these SAVE plan borrowers to move out of the plan and into a new repayment plan. So that deadline is very quickly approaching. Again, this will not be the deadline for all borrowers because it really is individual based on when they got the notice from their loan servicer. And we've actually seen that some loan servicers are still working on getting these notices out. I know on the Nelnet, one of the loan servicers on their site, it says that borrowers will receive their notice by the end of 2026. So that seemingly says that they're still getting those notices out or maybe you haven't even started.

But again, once you get the notice, it is that 90-day clock of when you need to move out. So for that first set of borrowers who got that on July 1, their deadline would be next week to move into a new repayment plan. And I know the most recent numbers I could find from mid-September, the department spokesperson had said that 1.5 million borrowers of the 7.5 million that are in SAVE had already moved into a new repayment plan, but of course, that means 6 million had not yet.

Hugh Ferguson:

Got it. Yeah. And so, while this transition's going on, there's also an ongoing lawsuit into the SAVE program. How is that kind of complicating this process or what is it that borrowers need to be aware of while this thing in the background is going on?

Sarah Austin:

Right. So yes, there is this ongoing lawsuit way back in March. So thinking back to springtime, the SAVE plan was struck down by the courts. Then, there's this lawsuit that came up where plaintiffs were arguing that the SAVE plan... So if you'll remember back even further, when the SAVE plan was created, it kind of replaced the REPAYE plan. So what plaintiffs were arguing is that even though the SAVE plan went away, that really, the REPAYE plan should have automatically resumed for all of those borrowers because the REPAYE plan was not struck down, it was the SAVE plan. So it kind of should have reverted back to REPAYE is what the plaintiffs have said. And instead, of course, as we're seeing now with this transition process, the department is saying that no, all of those borrowers need to pick other repayment plans. They're not reinstating that REPAYE plan.

And so, the plaintiffs have said, "Well, you've done what we are calling the," not what they're calling, it's an actual term, but it's called a shadow repeal. So basically, they got rid of the REPAYE plan without going through the normal negotiated rulemaking process, not following the normal process that would be needed to repeal a repayment plan. And so, they were then asking instead of transitioning out to other repayment plans, if all of these SAVE borrowers could just go into the REPAYE plan, unless that then got repealed later. So with this 90-day deadline that's coming up for certain borrowers, the plaintiffs had asked for a preliminary injunction or kind of holding off, postponing that deadline until the court could rule on this. And so, we have not heard anything. There's been no ruling yet. The Department of Education has actually asked for the lawsuit to be dismissed entirely.

So we're kind of in this wait and see what will happen with the lawsuit. But while we're waiting and seeing if there will be a postponement of the deadline, if the case will be thrown out entirely, if there'll be some other ruling, while we're waiting for that, there's this other thing that's happening where the department is still telling people they have to move out of their plans within that 90-day timeframe from their loan servicer. So while no ruling has been made, I would suggest that if someone does have that September 29th date as the date of when they need to move out of their plan, they don't assume that there will be a court ruling before then. Of course, that'd be nice if they could know what's going to happen before making their decision, but with that very quickly approaching deadline, we don't know that there will be any sort of ruling before those borrowers reach that deadline.

So more to come on this. I really have nothing final to say, no solution, but we do... I know that Karen and Melanie mentioned this on their last podcast episode as well. We do now have a new litigation tracker on our website because this is not the only case we're following. We're also following lawsuits regarding the OB3 final rules, PSLF. There's all sorts of lawsuits that we're kind of tuned into right now. So we now have a litigation tracker on our website where you can see the current status of these lawsuits and if there's any upcoming dates that you need to be aware of related to them. So definitely check out that, and we will update it as we know more. I'm sure we'll also put out something in Today's News when we do hear of any updates on this case.

Hugh Ferguson:

For sure. Yeah, there are a lot of moving parts. We're continuing to monitor all these cases, and yeah, that new resource has been super handy for... I think we're using some version of that internally just to make sense of what's going on in a bunch of other cases because it's very convoluted following what's happening in the courts. But now that we have that, hopefully, members are also seeing the benefit of being able to have all those cases in one place. But yeah, it's been a pretty active September, and I know there are other deadlines coming up and other just important news items for folks to be aware of. Sarah, is there anything else important that you think members should be aware of as we start to approach October?

Sarah Austin:

Yeah, I started this plan for this podcast episode as there's three major things that everyone needs to make sure they haven't missed out on. And then, one other thing came up and one other thing came up, and I was like, "Oh my gosh, there's so much." So there's even more than this, but we only have so much time. But I did want to just give two little bonus things aside from this kind of three things that we talked about already, two little bonus things we want to make sure our members have not missed. One of them is, like Hugh said, an upcoming deadline that I just want to make sure everyone is aware of, and that is related to the GE/FVT reporting, which talk about our members being over a certain topic. I'm sure this is like how many times can we talk about GE/FVT?

But there is an October 1 deadline that is coming up, and that is for the 2026 reporting cycle of GE/FVT data. Now, there's an early implementation you could do for the stats. We're not going to dive into all of the details today, but I want to make sure everyone knows that October 1deadline still exists. It has not been extended. The department has been very clear that they are not extending it. So that deadline is still there, even though there's a separate January deadline that is related to under-reported or missing data that was for the '24 or '25 reporting cycles. So that was kind of like the catch-up of any data you hadn't submitted. That deadline is January. 2026 still does have the October 1 deadline, and it has not been extended. So make sure that you are planning for that.

Also, the department had said that some of the issues they saw last time all of this reporting was happening, which, gosh, now feels like ages ago, a lot of the issues were related to all schools trying to upload their data at once and the system not being able to handle that. So they have been saying with these new reports that you're submitting, all of the data you're submitting for the 2026 year, to not wait until the last minute. And they actually even suggested to submit it at least one week before the deadline, which, spoiler alert, is today. We're recording this on Thursday, the 24th. That is one week before October 1. So if you have not done your reporting for 2026, I would suggest doing it as soon as possible so that you are not waiting till October 1 and then having that same issue we saw previously where the system just could not handle that.

One other thing that I will mention, this is the other thing I feel like I've said 5,000 times, but I know not everyone hears me talk all the time. So the completers list is a completely separate distinct process from this 2026 reporting that you're doing by October 1. So I have seen some schools saying that they are waiting for their completers list before doing their reporting. Do not do that because the completers list will not be coming out until winter, and you also do not need it for your reporting that you're doing now. They are distinct processes all related to the GE/FVT framework, but they are distinct processes and you do not need to wait for those completers lists and you should not because you won't get them in time. So your completers list will come out in winter. That's when you'll check and make sure it's accurate. But for now, just focus on your 2026 reporting that's due October 1.

I think that's all I have to say about GE/FVT, but I do know the other last minute thing that came up when we were talking about this, I'm going to pass it over to Jill to give you guys a little bit more information on.

Jill Desjean:

Yeah, thanks for that seg from winter. More in the winter, we have an in-person FSA conference coming up. I guess winter, depending on where our members live, December 14th to 16th are the dates for the FSA In-person Conference that has been officially announced. I know that's not the official start of winter yet, but I don't know. I've lived in some places where winter is fully winter by December 14th. So DC's not one of them, gratefully. So if you live in one of those places, come to the FSA Conference in person. It's going to be held at the Gaylord National Resort at National Harbor, which is just outside of DC. You may remember the Gaylord National Resort. From such conferences as NASFAA 2026, we were all just there a few months ago. So it's a familiar place if you were there, or you can come and check it out if you didn't.

And so, yeah, the department just announced that they're going to have that in December. You might remember pandemic era, no in-person conferences. No one was having them. The department wasn't having them. They took a little longer to get back to in-person, but they did have a scaled-down event last March in DC and limited attendance and no breakout sessions. So they did have sort of the Ask a Fed kind of booths and things where you'd go and chat with different FSA staff, COD people, NSLDS, whatever issues you might be having. But all the sessions were happening in one room, in a breakout room where Hugh and I hung out, but just one session at a time. We're not sure what this December conference is going to look like. We know it will be limited attendance again, presumably probably I would say less limited, more people allowed just given that it's at a much bigger space. But I mean, that's me talking. That's not anything that we heard from this official announcement.

But they mentioned that the agenda's going to include the latest federal financial aid policy and operational updates, keynote addresses from Department of Ed leaders and general sessions about key topics and a resource center. So they did not explicitly mention breakout sessions. So I'm not going to say that means they won't have them, but it was interesting that it wasn't included there. So more to come. I'm sure they've said that they're working now on a process to allocate seats because of this limited access. So the registration process will presumably open once they have figured out how they're going to allocate registrations to ensure that the most number of schools can be there. And they also have promised more information on a reserved room block at the Gaylord Resort. So nothing to do now other than to mark your calendar and get excited for the in-person FSA conference.

Hugh Ferguson:

Yeah. So the second conference for 2026, two in one year. And I think if I remember correctly, they announced the March conference in January. So if we kind of look back at their release of information leading up to March's conference, maybe we'll get an idea of when more information will be coming out for the December 1. But we'll continue to monitor things and see if that trend sticks, or if we get more information, we'll be sure to get that out in Today's News. But I think for now, that's all the information we have for today's episode. Thank you, Jill and Sarah, and thanks to everyone for listening. We'll be back with the new episode real soon.