NASFAA's "Off the Cuff" Podcast – Episode 378 Transcript

Here's What Divided Government Means for Financial Aid Policymaking: NASFAA's Midterm Election Debrief

Melanie Storey:

Hello, hello, and welcome back to Off the Cuff Inside Beltway Edition, a special edition this week as we do some chatting about the November 3rd elections, midterm elections, and what to look forward to with the new Congress and higher education. I am thrilled today to be joined by both Karen McCarthy, who everyone knows, leads NASFAA's policy division. But also today we are happy to be joined by Rick Hess, Director of Policy Education Studies at the American Enterprise Institute. So welcome to you both. Good to see you.

Rick Hess:

Hey, good to be with you.

Karen McCarthy:

Hey, Melanie.

Melanie Storey:

Hey. So let's just start big. I'm going to toss it to you, Karen, first. So where are we now? Of course, right after the election, we had lots of races that were uncertain and needed some time for some vote counts and recounts. So you want to talk a little bit about where we are today?

Karen McCarthy:

Yeah, I feel like we need a little bit of a timestamp, but it does seem that all of the Senate races have now been called as of our recording, which is on Thursday, November 19th. We do still have some outstanding races in the House. I think our last count was as of yesterday. I didn't see if we've had anything new happen in this space today, but we still, as of yesterday, had about seven races still to be called. And as we all know, both chambers will be controlled by Democrats. So we had some flipping going on there, still some straggling races on the House side, and otherwise things are set in terms of the makeup of the overall Congress. Still lots of things to be determined in terms of leadership and committee leadership and committee staff and all of that. So all of that will roll out over the coming months.

Melanie Storey:

Great. Rick, so when does that really all shake out? How does this... When will we know?

Rick Hess:

We know most of the story already. I mean, the Democrats won huge in the House. They're at 259, I think, maybe 260 right now. This is the biggest majority they've had in a generation. It also means that the majority is going to be fascinating because Hakeem Jeffries is going to be speaker. He will be able to sideline 30 or 40 Democrats in any given vote and still move stuff forward, which is going to discomfit the squad and also the Blue Dogs if they're frustrated with stuff that's... So the internal politics of this are going to be interesting, but it also means that it dilutes the strength of any one faction because the majority's so big.

On the Republican side, they lost a lot of the more centrist Republicans. So even though to the whole world it looks like Trump has been spanked inside the Republican House caucus, it's more Trumpist than it was before the election. In the Senate, again, Democrats are going to have a huge majority, 56 and a reasonable map that they're looking at in 2028. And then we also know what leadership is mostly going to look like. John Thune on the Republican side is going to be back. You've got this challenge on the Democratic side. Chris Van Hollen is challenging the majority leader, Chuck Schumer. That could be a big deal, but I think most people expect Schumer's going to win out.

Like I said, the house, the big talk of challenging Hakeem Jeffries has come and gone, and we even know the key players... We have a good sense of the key players at the committee level. We know Bernie Sanders is going to lead the Democrats in the Senate. We know Josh Hawley is actually going to wind up leading the Republicans in the Senate. In the House, we know that it is going to be Tim Walberg who's going to stick around and lead the smaller Republican contingent. The only real piece of the puzzle we don't know other than whether Van Hollen can unseat Schumer is whether Bobby Scott is going to be successfully challenged for the House Democrat lead. And I think most folks expect that Bobby Scott, who's a savvy kind of veteran member, is going to emerge from that as the chair.

Melanie Storey:

Yeah, really interesting notation about on the House side that the majority for the Democrats allows Speaker presumably Jeffries to sideline the most progressive extreme, the squad as you refer to it, or the fiscally conservative blue dogs, which are the somewhat polar opposites in that spectrum. But then on the Republican side, it actually consolidated some of that. That will make for, I think for some interesting management on the House side there.

And on the committee side, I think on the Scott question, we know he's got a couple of challengers, but I think it's important to note, particularly for our members who are very much aware of Virginia Fox, who is a longtime chairwoman of the committee on the House side. While she has called for a recount, she is currently behind and projected to lose her election. And so she and her staff bring a lot of knowledge and experience, particularly in our issues. And so that's a real shift, I think, when you look at what some of the changeover is going to be. Staff hold a lot of the knowledge, but we do have these long-term members who are deeply engaged in our issues and some of them will no longer be in the Congress at all.

Rick Hess:

And it's good for, your members will want to know that you're right, that Fox looks like she's likely to be out of Congress. But Amy Jones, who led so much of the committee work is still going to be there. She's been leading the committee team for Tim Walberg, Brad Thomas, who's worked so closely with Amy for many years will still be there. So some of those key players are still going to be there on the committee staff, even if Virginia Fox herself is going to be out.

Karen McCarthy:

Yeah, I should have mentioned that up top when I was talking about how all the things that will still need to be sorted is the role of the staff and the staff kind of shuffle. So hopefully some of the staff who are temporarily unhoused, who have a lot of knowledge, who we're familiar with and know our programs will find a soft landing somewhere else so that we can continue to gain from their expertise and continue to have that working relationship with them.

Melanie Storey:

Yeah. We do a leadership meeting in February where we do a lots of Hill visits. Oftentimes our members are visiting their particular members who may not... Many of them will be new and they will not have the expertise, but important that there is strength and continuity there for the staff. So that sort of smooths some of the potential rough edges with such dramatic transition. So we talked a little bit about what the makeup looks like going forward and what we're anticipating, but we're currently in the lame duck period where there's I think a number of outstanding questions about what is more or less likely to move, if anything, in this lame duck period or will it wait till the 120th? And I think probably the biggest thing that our members will be watching are appropriations. I don't know if you want to chat about that a little bit.

Rick Hess:

I mean, if I had to bet, I'm betting that basically you're going to wind up with a clean continuing resolution, what they call a CR, mostly because a whole lot of these defeated House Republicans just don't appear to have any plans to come back to DC. They've checked out. And so when the Republican leadership has been trying to whip the votes, what they call lining up the votes, they just keep being a dozen, two dozen votes short. So I think they're going to be-

Karen McCarthy:

And they're short because people aren't here?

Rick Hess:

People aren't here. People who've been defeated are like, "You know what? It's Thanksgiving. Christmas is coming up. I don't want to drag back to DC and hang out for a bunch of votes." This is just demoralizing. And so I think just the energy required just to get enough members lined up to just move ordinary business is probably going to suck up most of the oxygen in the room.

Melanie Storey:

Interesting.

Karen McCarthy:

Interesting.

Melanie Storey:

I know, it hadn't occurred to me and I haven't been paying that close of attention to be like, "Oh, they're just not coming back into town. It's the holidays." I mean, they have to come back eventually probably to pack up their stuff, but to sit around waiting for votes is frustrating under good circumstances, even more so under the current circumstances. I'll leave to either of you, any predictions how long we'll CSCR?

Rick Hess:

That's a great question. I think the Rs would love to do something that's going to tie the Democrats' hands, but again, for all the reasons we just talked about, I think everybody wants to get out in time to celebrate the holidays. I think Democrats just want to turn the page and get to '27. I think a lot of these Republicans are ready to start gearing up and the fun of getting to no longer having to be responsible for anything and just throw bombs from minority. I think they'll probably be able to reach common ground

on a 90 day and at the end of the day, sometime after Thanksgiving, everybody will try to put the best face on it. They'll do a 90 day and slink out of town.

Karen McCarthy:

So that would put us around, so 90 days from December. So back where we were last year, because that was late March by the time... Yeah. So for our members' purposes, we always talk about the CRs dragging into the financial aid awarding season, which tends to be where our members really see the first impact of us not having a budget is that we don't know what the maximum Pell is. They don't have their final campus-based allocations, and they want to start sending out aid awards that are all very up in the air and tentative. So I guess that is a little bit of a heads-up for our community that you can expect a similar calendar in terms of this upcoming year.

Well, the year that we're in right now, I guess I should say, rolling into 2027 when you want to start sending out aid offers and we not having those final numbers. I think that's kind of what I have heard and what I have though. I was glad to hear you say that, Rick. I was like, "Okay, good." Because that's what I've been sharing, what I though our expectations were because that's where they really see it right away.

Rick Hess:

Yeah. And I mean, just for folks who aren't trapped inside the beltway noise like we are to get a sense of this, Representative Thomas Massey, a Republican, had this proposal to impeach Secretary of Defense Pete Hegseth that was kind of controversial, but the Republicans were missing about a dozen votes to defend, and they all lined up to defend Hegseth for reasons that puzzle many of us. Democrats could have actually had the votes to impeach Hegseth, but a bunch of their members didn't show up for the vote. They were at a reception for, I forget, one of the celebrations at the other end of Pennsylvania Avenue and got caught up in traffic. So even though it feels like the stakes are really high, I think it's useful for folks back home to realize that it's kind of this odd in between season in Washington itself.

Melanie Storey:

Yeah, it's a real insight into some of the just realities of... I think everyone thinks like, oh, this blue wage tsunami, whatever, they're going to come running in and they're taking care of their business too. And you sort of alluded to something earlier though about there may be some embracing, there is something to be said for the Republicans for now being able to be, as you said, the bomb throwers, right? They now can play the spoiler role. With great power comes great responsibility. And so this is a shift, but being in the majority means now it's on you to figure out how to move things and move your priorities. And the Republicans are now looking at a different role and maybe one that they may also embrace going forward. I think Karen and I both sometimes like to say that divided government actually tends to benefit our programs.

I think just we still generally are able to enjoy relatively bipartisan support for things like Pell Grants and that. And so when you have a divided government, you tend to see more movement in support of those kinds of programs. And so we'll be interested.

Rick Hess:

Yeah. I'm a longstanding fan of divided government back to my PhD and poly-sci days that there's a lot to be said for not letting anybody get their hands on the wheel of this car on either team. And part of it too is it's a cliche at this point, but we live in this very performative age where we've got a lot of members who treat Congress more as a platform to be on social media, to raise small dollar donations.

There's not a lot of workhorses in the traditional sense of let's move legislation. I mean, honestly, this last Congress, the Republicans, after they did the reconciliation, they could have basically packed up and gone home and nobody would've noticed. They just haven't used... And I think for politicians, for elected officials in this era, it feels much more comfortable to be in a position where you're trying to score points and throw bombs and generate viral content than to actually be holding to be marking up legislation and moving it forward.

So I think for a lot of these members, there's actually a degree of relief to not actually be responsible for doing anything because then you can really focus on what you want to do, which is generate viral memes.

Karen McCarthy:

Oh, geez. That's a little depressing.

Melanie Storey:

It is a little depressing, but there's also, first of all, also a big fan of divided government, share that with you, but also the idea of the workhorses on the show horses, right? It's longstanding. Yeah, there's just fewer workhorses that are really able to dig in and work across the aisle. I say a lot, I long for those days. It's hard work and it's a slog, but it's how we get real work done. So yeah, a little depressing that we're maybe into a different age.

Rick Hess:

Although to that point too, and we'll see if... The funny thing is given horseshoe politics, that Josh Hawley and Bernie Sanders on some elements, say the higher-ed agenda, like on the health agenda, wind up in similar places talking about cost and affordability and populism and comfort with... And so even though folks out in real America might look at Josh Hawley and Bernie Sanders and go, "Oh man, they're at opposite ends of the spectrum. Nothing's going to happen." Actually, when you start crossing off the stuff on health, education, labor and pensions, there's a lot where there's overlap. And so you might wind up with this kind of odd coupled movement on issues in our space. Whether folks will be happy about the direction of that movement is an open question, but it's a mistake to imagine that left and right populism are... The reality is there's a lot of overlap.

Karen McCarthy:

Yeah, we talk about that with affordability, transparency, all of that, that the methods might be different, but there is definitely interest from both parties in those topics. Yeah, so when I was thinking about what can we expect to see? And I was like, "Affordability," which we also saw from the Republicans. So it's just different flavors. Yeah. I have a question for Rick. Rick, I have a question while we're still talking about the lame duck period. With the limited amount of time, is there anything else other than the CR that we think will actually move that would affect our members in this short period of time?

Rick Hess:

I'd be surprised-

Karen McCarthy:

Anything we should be paying attention to?

Rick Hess:

I mean, I'd be surprised-

Karen McCarthy:

I couldn't think of anything.

Rick Hess:

Yeah, no, I'm with you. I might think, look, what folks need to understand is this is going to be the Republican's last chance to confirm judges and any other kind of executive branch appointees, at least for the next two years, and given the size of the Democratic Senate probably to 2030 and beyond. So I think that the Senate is going to be intensely focused on trying to move judges through and any other executive branch appointees. The House is going to be struggling like we talked about with this razor thin margin they have, this three vote margin and no-show members. So I think you'll hear talk about stuff, but I think if I had to put money on it, I'd be really surprised if you see any more than the CR we discussed.

Karen McCarthy:

Yeah. How I've been saying is that the list is long, but the time is short. So how much of this would they be able to actually get done? So yeah, that is helpful.

Rick Hess:

Yeah, right. It's like when you realize your kids give you four other presents they want at 9:30 PM Christmas night and you eat Christmas Eve and you still got to assemble the darn bicycle. You're like, "Look, I'd love to take care of you, but look, let's be realistic here."

Melanie Storey:

Yeah. Let's be realistic about how this is going to go down and that's not going to happen. Yeah, I agree. I don't think we'll see a whole lot in the lame duck, but let's talk about the 120th, right? So here we go with a new Congress. We talked a little bit about where we think on affordability and transparency and some of that, that we may see some collaboration or some, not necessarily on approach, but on goals. But to either one of you, what do you think we'll see in higher ed policy where we might see some movement in the new Congress?

Rick Hess:

Karen, I'm curious where you're at.

Karen McCarthy:

Let me think. What I think we will see are a lot more pressure on the administration in terms of some of their priorities, the inter-agency agreements, the dismantling of the Department of Ed, a lot more pressure to answer questions about their plans that I feel like a lot of our community has been asking, but Republicans weren't really willing to put a lot of pressure on the administration for us, and we'd like to have those allies when the administration is doing anything, which also goes back to the split government. If the government is split in that way, then we can use our allies. I feel like we'll see pressure to stop some of the stonewalling to try to figure out what is it that you're doing over there?

How is it legal? Show us how it's legal with some of the administrative initiatives that they've been launching as of late that are concerning to our members.

Rick Hess:

Yeah, I think that sounds right. I mean, part of it is obviously there's a target rich environment in terms of administration hijinks. And one of the challenges for Democratic leadership is going to be not to step on their own storylines. They want to go after Donald Trump Jr. 's wedding getting paid for by a Russian... You can't even believe you're saying these sentences, right? It sounds like a 1980s soap opera kind of thing. That's the stuff because it feels the Democrats are going to really want to try to spotlight this notion of corruption and self-dealing and how it's shortchanging the American public. And so some of the shifts, some of the inter-agency agreements being used to dismantle the department, I think aren't going to make the cut. Even moving student lending portfolio to treasury, I mean, A, I've always though this made a lot of sense, and B, it's kind of wonky.

On the other hand, Bobby Scott has already filed this thing on the Office of Civil Rights, and that feels very tangible that the Trump folks are moving the Office of Civil Rights over to Todd Blanche's purview where they're going... And so I think there'll be some picking and choosing about which of those internal processes and agreements wind up getting spotlighted.

More substantively, I guess the House Dems wrote out this first hundred days agenda, which calls for something like four trillion plus the new outlays after their offsets. Most of it obviously is healthcare. It's reversing all the one big, beautiful bill, although it's embarrassing to say that, cuts in reforms to Medicaid from 2025. That's, I think, priced out at $1.6 trillion over the 10... So they already have ambitious spending plans before education even starts to show up in the conversation. Now, we saw-

Karen McCarthy:

And that's Good. I'm glad you said that because our members are asking that. Do we think that there will be any quick reversals on any of our OB3 provisions that we have? So I think that's good. Well, good in terms of clear, not good, but good in terms of clear that you addressed that, that this is what we think they will tackle first.

Rick Hess:

So I think, like you said, affordability is kind of the watch word, and that's the place... What's going to happen is whether it's Schumer or Van Hollen in the Senate, Jeffrey's in the House, they're going to want to be able to tell a story of the whole team working together. And where they're all on the same page is on these issues around affordability, around reversing Medicaid cuts, around programs that... The higher ed stuff might wind up in there. Some of it might wind up in that kind of reversal, some of the reconciliation provisions. But A, those tend to split left for right more, and they're less obviously money and working families' pockets. And honestly, I mean, the Obama administration, when it was doing gainful employment, was trying to figure out how to hold institutions responsible for taking taxpayer dollars for junk degrees. So I think there's more than a few Democrats who still have mixed feelings.

Karen McCarthy:

It's a little complicated. Yeah, more complicated than say the ACA subsidies.

Rick Hess:

Exactly. I would not expect education and necessarily wind up in whatever they try to move through in that first hundred days. They'll also obviously have to deal with the Trump veto potentially, and they're not going to have the votes to override. So there'll be a negotiation, and partly this will be on where the White House wants to dig in its heels and where it's willing to throw things overboard. And then the backdrop for anybody, not education specifically, but for education too, is remember, viewers and listeners got to remember, we're borrowing $2 trillion a year at this point. We owe $40 trillion. We're spending more than a trillion a year just paying interest on the debt, and social security runs out of money in five and a half years.

So at some point, maybe not next year, maybe not two years, but at some point there's a fiscal reckoning and that is going to hang over as much as I'm sure the new Democratic majority would love to come in and double Pell and would love to reverse all of the reforms to student lending. We'll like it or not, they're going to be worrying a little bit. Their leadership will be worrying about the bond market and they'll be worrying about how far can we push this thing? Even though they have the votes, that's still going to operate as a constraint to some degree or other.

Melanie Storey:

Yeah, I think that bigger picture is really important. We can be so mired in our own issues, but they're just dwarfed by the broader, I think, sort of fiscal reckoning issues there. I do think there may be some opportunities for what I'll call technical fixes or shifts in some of the OB3 issues that have some bipartisan questioning, some of the definition of professional degree. These are very narrow, small issues. We could potentially see some of that get stuck onto an eventual appropriation bill.

Karen McCarthy:

Small issues in terms of the overall bill and all of that. Not [inaudible 00:26:58]-

Melanie Storey:

Yes. I'm sorry. Thanks, Karen. I don't want to diminish how much we care about it and our members care about it. But yeah, in this broader piece, we're probably only going to see smaller issues in that big context potentially being addressed. And again, they're going to have to be ones where I think we've seen some bipartisan standalone bills and other messaging bills where they're looking for potentially some shifts to the way the department implemented ultimately the reconciliation bill in ways that they didn't anticipate.

Rick Hess:

I mean, just for listeners to get a sense how this might play out, we were talking about Josh Hawley, MAGA Holly and Bernie Socialist Sanders a moment ago. Look, you can imagine them coming to agreement that they'd like to push to relax the caps for the helping professions. This tends to play well with populists, this plays well in the middle of the country. I think relaxing the caps for education is nuts. It's a policy instrument, but nobody cares what I think. And so you could imagine them doing that. You could imagine this being written in as part of the language of the legislation that moves forward. And it's very easy to see Democrats getting behind this. The question is when it gets to... They can either use reconciliation to move some stuff like this through if they don't get 60 in the Senate, or you could imagine at least four senators on the Republican side coming across and they can do this regular order through regular statute.

The question then, like we said a moment ago, becomes the conversation with the White House, which can certainly threaten to veto. Democrats won't have the votes to override a veto. So on these

provisions that feel smaller in the broad sweep of the federal budget, but are really big to higher ed, there will be a question at the Trump White House when they are deciding where they are going to draw the line, what they're going to signal as make or break, where do they fall on something like the graduate school lending caps? Are they going to say that was a big win for us? There's certainly folks at the Department of Ed like Nicholas Kent who's going to tell the White House, "Guys, hold the line. That's a big win."

Will the folks who are influencing that decision at the White House agree or will they be like, "You know what? We'll give you guys that one because we want to hold on somewhere else"?

Melanie Storey:

I mean, those are the negotiations that folks don't always see. It's ultimately a trade-off of what's the wins they really want to embrace and hold and which ones are they perhaps willing to let soften a little bit. We'll see.

So let's move off the Congress for a minute because we still have a lot of initiatives by the administration via the Department of Education. They've made, aside from the reconciliation bill and the efforts there, lots of change have come through aggressive negotiated rulemaking. We've had, what, three or four sessions of negotiated rulemaking. We know under Secretary Kent that there's another one scheduled for early into 27. Some of it sort of some cleanup, things like removing the save plan from regulation and other, but other important issues for the administration. What might we see in the next two years of the Trump administration coming directly from the Department of Education?

Rick Hess:

Yeah. I mean, I think on the higher ed stuff that's of less direct interest to your members, I think there will be more slowing down. Obviously there's a lot of litigation around the Title VI and Title IX activity. I think we'll expect a lot of oversight on that efforts to lean on college presidents to come testify about Trump threats via True Social. But on the rulemaking around accreditation, around lending, I would expect that, if anything, to pick up speed.

As they're looking at where is there an opportunity to really lock in the significant changes that have been made on this administration, I think the higher ed folks are going to particularly look at how do they make sure that the wins in the reconciliation bill stick? How do they make sure that changes in landscape get pushed and formalized through formal rulemaking? How do they make sure that they're not doing this into a period that leaves them vulnerable to a congressional reversal if a Democrat wins the White House in 28?

So I think, if anything, on the kinds of stuff that's directly relevant to your membership, they will probably go at least as hard, if not harder.

Melanie Storey:

Take a deep breath.

Rick Hess:

Karen, I'm curious if you see it differently.

Karen McCarthy:

Yeah. I mean, I expect the same. I'm glad that you mentioned several of the issues that are outside of our scope because I feel like those will be the ones that will get the most attention the quickest. But

yeah, otherwise agree. I'll be interested to see, we pay attention when they release their regulatory agenda, but that doesn't bind them to anything. So I'll be kind of taking a look at what their next agenda says compared to the last one to see how they might shift.

But yeah, it does seem that... I haven't been envious of those organizations that represent the college presidents because it seems like they are getting it from all directions from the administration in terms of the rulemaking. And there've been several times where I'm like, "I'm so glad that I don't have to work in the Title IX space." So I tend to agree overall with your perspective.

Melanie Storey:

Yeah, I agree. My years over there, I'm happy to not be dealing with athletics and any of the other things that come their way. I like these issues. These are quagmires. But I do think, I agree too with you, Rick. I think we saw some news this week or a letter to the presidents this week around foreign gifts and vigilance around foreign gifts and contracts and those kind of things. I think we're going to see more in that kind of vein, the Title VI, the Title IX, those things. That may give some, I don't know if I'll say comfort, some breathing room for our members who are still very much mired in trying to work through the smoothing of implementation of some of the big changes that came their way this year. And yeah, they're still trying to, I think, work through some of those details. And so, less activity directly into their work is welcomed.

But we're also tracking it, NASFAA, as I know everyone else is, that there are a number of lawsuits, as you mentioned, related to some of that, that keeps some of the work in limbo and is leaving our members making decisions on where to land while things are still being decided. And so there'll be hopefully some certainty to come from some of those lawsuits in the-

Rick Hess:

Yeah. And I think one bit of reality about how it works inside this administration that sometimes gets lost just because there's so much noise out there is that there is a constant tension, especially in the education space between the kind of grownups professionals, especially at the Department of Ed and the folks who are playing a revolution at the White House and the Stephen Miller click. And a lot of the investigation stuff, the Title VI and Title IX, a lot of that has been driven. If you think about Harmeet Dillon's tenure at Department of Justice where she was pointing some of this and a lot of the personal ad hominem invective that they've had on Trump's true social account, this tends to be very White House, very performative. A lot of what we've seen as far as implementation of the lending changes, certainly FAFSA cleanup under James Bergeron, the accreditation push, this has really been led by the grownups at the Department of Ed, by serious professionals.

And I think one of the things to understand is that now with the Democrats having taken the hill with the vibe shift, the performative stuff out of the White House is much more likely to get caught up in the pushback because this stuff that was done by the department, the Nicholas Kent, James Bergeron kind of activity, because it was done more carefully, more procedurally, it's in a stronger position to continue. And so when folks are out on campuses or in associations trying to figure out which parts go where, I think that's a little bit of useful kind of a sense of how the administration works that I don't often see portrayed.

Melanie Storey:

Yeah, I think that's a great insight. And when James Bergeron and Undersecretary Kent, when he was nominated, we in this podcast talked about they have decades of experience in our world. They are knowledgeable and thoughtful and understand this. So it was less, your word, performative. They came

in to do that kind of work. So yeah, I think it'll be interesting to see how they move forward in this kind of new world. So I think we can wrap it up here if you want. I'll ask you both. So looking ahead, what are you going to be most closely watching, particularly in the higher ed space coming into the 120th and early 2027?

Rick Hess:

For me, it's that the fiscal recklessness of our leaders right and left has gotten to the point where it's not sustainable. I mentioned a few moments ago, I don't know. I don't know if the fiscal reckoning is going to come in 2027 or 2037. It's going to come at some point. And it is going to force all kinds of really hard, unpleasant decisions because it's going to require the taxes go up, that spending goes down, it's going to be hugely dislocating for lots of Americans and publicly supported institutions. We will all be vastly better off if we get ahead of the curve. And so given that so much of the narrative that I think Democrats used effectively this year was about affordability, about responsibility, so many of the big winners on the Democratic side presented themselves as grownups. They were pragmatists rather than performative lunatics.

This would seem to create a possibility that Democrats will decide the way to score points and kind of cement the big win of this year is to go into next year providing what we haven't had in a while, which is serious, responsible, long-term leadership. And I feel like looking for that over the last 15 years has been like Charlie Brown with the football. Lucy keeps pulling it away, but I'm going to be looking at that because if we don't get that, then everybody, but especially folks in higher ed who were so dependent on the generosity of the American taxpayer are going to be themselves closer and closer to just dislocations that nobody is going to come through comfortably.

Melanie Storey:

Karen?

Karen McCarthy:

Remind me of the question again. I was so sucked into, as Rick was talking I said, "Oh wait, what am I saying?" Okay. Remind me of the question, what are we tracking?

Melanie Storey:

Yeah. I'll say a little bit about myself and maybe a little bit about NASFAA, but what are you looking forward or looking most closely at early in the 120th?

Karen McCarthy:

Yeah, I am super interested in the topic of the inter-agency agreements and the status of the Department of Education. I think that our members have felt the impact of a lot of the staffing changes over the last couple years at the Department of Ed. So I'm interested in learning more about where that will go, what the overall plan is so that our members are not quite so much in the lurch as they tend to be right now. They reach out to us and we even feel it when we can't get answers for our members because we're not sure where to go and who's responsible for what anymore. So I feel like that is a topic that I'm really interested in.

And kind of in the more niche space, I would say the Pell shortfall. I'm really fascinated that both the Senate, the new Senate proposal that we just saw this week and the House proposal and President Trump's proposal all would dedicate some funding, like billions of dollars. Each one of them is at least

$10 billion to addressing, not filling the Pell shortfall. On the house side, they would take away subsidized loans to pay for it, but there seems to be recognition out there that we need to do something about the shortfall.

And in this environment, as you just talked about, Rick, I think that is super interesting. And I've been saying for a while that we have been pushing for Congress to address the shortfall via funding, not via the more draconian eligibility changes or pro rata cuts and things like that. And I am somewhat surprised to see this response from all of these budget proposals given all the other things going on. So I'm hopeful, optimistic, but yeah, I'll be tracking that. And I know that, I call it a little niche issue.

I know that a lot of our members are not super involved in that, but as it grows and grows, who was it who was attributed that quote? I think it was Senator Dirksen, "A billion here and a billion there, and soon you're talking about real money." It just keeps getting bigger and you can't solve an $18 billion shortfall by making a small little eligibility change. So I was growing more fearful about if the money isn't there, what might Congress do to try to recapture that 18 billion? And none of it is good or positive for the future of the Pell program. So I'm kind of interested in how the Pell shortfall will shake out in the near future as well.

Melanie Storey:

Yeah. In some ways it's a little bit of a microcosm of what Rick's talking about. Deficits and deficits, shortfalls and shortfalls. And eventually there's a reckoning and how do we get to that? Of course, they can put 10 more, 15 billion more in the Pell Grant program on the macro level. That isn't an option after a while when we're already servicing, spending a lot of money on servicing debt. I think I'm going to take some of Rick's comments and hope for a bipartisan grownup caucus going forward. That would be my optimism, to take a look at our tax and spending policies to start thinking about how we do ultimately manage our fiscal house, because I think we definitely are looking down the barrel of some really tough choices with our current policies.

Karen McCarthy:

I'm going to use that grownup reference. I love that.

Melanie Storey:

Right? For grownup caucus? I mean, I feel like I want a pin. I want the grownup caucus, right?

Karen McCarthy:

Yeah.

Melanie Storey:

After my workhorses, that's who I want. But anyway. Well, thanks so much. Gosh, thanks so much, Rick. This was really fun. I appreciate you joining us. Thanks, Karen. Lots to come, lots to be watching over the coming weeks and into the new Congress. I look forward to our ongoing work and conversations. So thanks, everyone. Thanks for joining Off the Cuff Inside the Beltway. Happy Thanksgiving to all, and we'll be back in a few weeks. Thanks.