

NASFAA's "Off the Cuff" Podcast – Episode 271 Transcript

OTC AskRegs Experts: All Things Repayment and the Not So Very Normal FAFSA Year

Allie Arcese:

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Hey everyone, welcome to another episode of "Off the Cuff." I'm Allie Arcese, our Director of Communications.

Jill Desjean:

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

David Tolman:

And I'm David Tolman with Training and Regulatory Assistance.

Allie Arcese:

We are back with a new season. This is our first AskRegs episode of our new "Off the Cuff" year, and moving forward, I will be hosting AskRegs. I don't know if you guys knew that.

Jill Desjean:

No.

Allie Arcese:

Yeah. Look at me.

Jill Desjean:

I'm very excited.

Allie Arcese:

I'm the host now.

So I wanted to ask you guys a question. So up until I guess pre-pandemic, I never really listened to the radio because I was always taking Metro and would just listen to Spotify or something like that. But now when I drive Katie to school every day, I listen to the radio and they do these things where they want you to call in and "is anyone listening who had this experience" or "tell us about the most embarrassing way you got hurt."

So today they were talking about "what kind of kid were you?" One of the people on the radio show was, I was the kid who in preschool, they had to call my mom and say, "Oh, Shelby's looking, staring directly into the sun." What kind of kid were you? I almost called in to tell this story about my twin brother because he was totally the kid who wanted to skate by through life. He said, "I don't need to

learn my ABCs because Allie knows them," and "I don't need to go to kindergarten because Allie can go and she can just tell me about it."

Jill Desjean:

Smart.

Allie Arcese:

Which is actually kind of smart when you think about it, right?

Jill Desjean:

Saving time for other things.

Allie Arcese:

I'm curious what kind of kid you guys were. Were you a crazy kid? Were you the weird kid? Someone called into the radio show and said, I was the kid who used to play and hang out in a cemetery.

Jill Desjean:

So I was that kid.

Allie Arcese:

You were a cemetery kid?

Jill Desjean:

I was a creepy kid, apparently. So my parents tell me... I'm the oldest, so they just had one kid. So two parents, one kid, they were paying a lot of attention and they said when we would walk by the cemetery and I'd be like, "There's my house." My mom used to really not like it.

Allie Arcese:

You said that the cemetery was your house.

Jill Desjean:

She said it got even weirder, because there's like a cemetery within walking distance of my house. So not next door, a mile away, but they would walk by it. For some reason I was like, "That's my house." My mom's like, it got weirder. She says they would be out and about and I'd be in the backseat and I would be like, "There's my house, there's my house." They'd start looking around and then around the bend there was a cemetery and they were like, how did she know?

Allie Arcese:

That's interesting.

Jill Desjean:

Very creepy. I feel like they've told me about this as an adult. I'm like, I'm sure it wasn't as weird as you're describing it. I'm guessing I have a very good sense of direction and a really good memory for landmarks. I'm like, it's probably a place I'd been before. I couldn't predict a cemetery. I knew there was

one around the bend. My mom has a terrible sense of direction, so to her she would just be like, who knew there'd be a cemetery around the bend? But I might've known. So I don't think I could actually predict where a cemetery was, but it's still creepy to call the cemetery a house without a doubt. I recognize that.

Allie Arcese:

Yeah, that's a little not normal.

Jill Desjean:

No, I know. I'm so glad my kids aren't like that. I was really, when my mom told me the story, I was like, oh, [inaudible 00:04:09]. Because you hear stories about people whose toddlers talk to someone in the corner and they're like, you don't see her?

Allie Arcese:

Oh, I'm bracing myself for that day. Already Katie sometimes will point out the window and be like, "who's that?" Then I realized she was pointing at a bird.

Jill Desjean:

But one day.

Allie Arcese:

Still, it freaked me out. What about you David? What kind of kid were you?

David Tolman:

If I traveled back in time and looked at myself, I would probably cringe. But-

Allie Arcese:

Wouldn't we all?

David Tolman:

Yeah. I'm sure. I think I was just a normal, I didn't have a graveyard near me, so I don't know how I would've reacted. But there is a really good book called The Graveyard Book. Who is it? Neil Gaiman. It's based on The Jungle Book about a kid who was raised in the graveyard by the people who like a vampire-

Allie Arcese:

The inhabitant-

David Tolman:

Somebody... Yeah, the inhabitants of the graveyard that made me think of that. But I remember first day of first grade, just sobbing that first day because I was going to be gone from home all day and I didn't know anybody, but I don't remember. But I think after that it was fine. But I can remember that vividly and that makes me kind of cringe when I think, oh, maybe I was one of those wimpy kids. I don't know.

Allie Arcese:

You were just more sensitive.

David Tolman:

I was nice. I was a nice kid.

Allie Arcese:

I was a bossy kid. My mom and my grandmother will tell me stories about them playing with me and I wanted them to do something that they couldn't do. And I would go, "Just do it, mommy, just do it." I didn't understand why they couldn't or didn't want to do something and it didn't matter.

David Tolman:

You should have made a deal with your brother that he could ride on your coattails for everything that you do as long as he took the blame for everything that you do wrong.

Allie Arcese:

Yeah. I was kind of a jerk to him. I remember tricking him into eating cat food and scaring him with made up stories. I was a storyteller for sure. I told him that there was some sort of demon fish that was going to come out and get him in the bathtub, and he believed me. I don't know.

David Tolman:

Wow.

Jill Desjean:

As a parent of boy-girl twins, I can relate. And definitely no one knows how to push your buttons more than your twin does. They're at the exact same developmental stage. They're with you so much. They just know you so well and they're like, I know.

Allie Arcese:

I wonder if it's a first twin, second twin thing. I don't know how yours are Jill, but I was the older one by a whopping three minutes, and apparently that set up the trajectory of our lives.

Jill Desjean:

Yeah. It's hard to imagine how mere minutes could really do that, but who knows. Yeah.

Allie Arcese:

Well, I got him back because my brother is a lawyer now, and so when he graduated law school, I said, "I don't need to go to law school. Nick can go and tell me about it." Yeah.

Jill Desjean:

Same. It all comes back around.

Allie Arcese:

Yeah. Okay. Well, we have a lot to cover today. Some of the things on our agenda are the return to student loan repayment, which we are in the middle of right now. The department's new SAVE plan, and as always, FAFSA simplification is top of mind for everyone. I think that's always going to be a hot topic for us. So Jill, there's a lot going on with repayment right now, so we're going to turn to you first. Can you catch us up on what's going on?

Jill Desjean:

Sure. Yeah. So since we went on our summer hiatus, the final student loan repayment pause has ended after three and a half years of payments not required and interest not accruing on student loans. So we are here at September 14th today. Interest began accruing two weeks ago on September 1, and payments will be due in October. The exact payment due dates will vary by borrower, but starting in October, students will begin to see student loan bills and start paying them.

Allie Arcese:

Yeah. So we've been gearing up for this for quite some time now, and we've had some concerns about this abrupt resumption of repayment. We've been flagging that as a potential concern for a long time. Almost 30 million borrowers going back into repayment all at once. How do things seem to be going?

Jill Desjean:

I'd say they're going as expected. We've been hearing about hours-long wait times to reach service or representatives by phone, as well as spotty website and call center outages. So it certainly hasn't been without problems.

Allie Arcese:

But this is kind of what we were expecting?

Jill Desjean:

Yeah, unfortunately. I hate to say as expected, not so great, but anytime you have a huge number of people trying to do the same thing at the same time, you're going to experience some kind of bottlenecks, right? It's like when you are traveling for Thanksgiving or calling the IRS on April 15th. Just no matter how many call centers are open and how many people you have doing it, it's almost impossible to address everything.

Allie Arcese:

And plus the servicers are trying to staff back up right now too because they were understaffed for so long.

Jill Desjean:

Right. For sure. And even once they're staffed up, I would expect that there would still be wait times just because of the sheer volume. Nearly 30 million people. NASFAA joined a community letter with several other higher ed organizations two years ago now when we stressed the need for FSA to allow for a long on-ramp to repayment because we knew throwing everybody back into repayment at once would cause some level of chaos. And that was two years ago. It's probably even a bigger issue now than it was when we sent that letter because borrowers jobs could have changed, which means they could have different

income if they were on an income based repayment plan, they might have a new bank account, so their auto debit either just as expired due the amount of time or because it actually needs to be switched.

Allie Arcese:

And there's two more graduating classes of borrowers that have-

Jill Desjean:

Never been in repayment-

Allie Arcese:

Gone through now. Yeah.

Jill Desjean:

So unfortunately, we are not shocked to hear about these wait times. It's disheartening. It's sad. I feel badly for people, but something I'm not, unfortunately, is surprised.

Allie Arcese:

So I'm guessing that students are probably reaching out to their financial aid offices. Is that right?

Jill Desjean:

Yes, indeed. We have heard from some financial aid administrators who've been contacted by borrowers. So former students for the most part, who can't get through to their servicers and financial aid administrators don't know the answer to their questions because it's something that's account specific. Something financial aid administrators know the general info. But if it's something about, I think the payment amount that got calculated is wrong, that's a servicer question, unfortunately. So financial aid administrators are frustrated as well because they're used to having the answers and being able to help students. And in these cases they often can't.

Allie Arcese:

Yeah. So what are they doing or what can they do to help these students who are dealing with the wait times?

Jill Desjean:

Yeah. Well, unsurprisingly, financial aid administrators are certainly rising to the occasion. They usually do in these times of chaos. This is a super busy time in financial aid offices. I don't have to tell the people who are listening. Even in the best of times, if your school follows a fall/spring calendar, you are in the process of welcoming your students back to campus. You're getting their aid dispersed and the FISAP is due in two weeks. So that's a lot all at once in and of itself. Then we just add that small detail of FAFSA simplification that David's going to be talking about later, and staffing shortages that have been in place since the pandemic, and suddenly you're very quickly overwhelmed.

Nevertheless, when we polled a group of financial aid administrators to find out how they're helping borrowers to navigate repayment, we learned that in addition to handling these individual inquiries now, they've actually been really proactive in reaching out to their former students over the past couple of months. So we heard about schools hosting webinars for past students, publishing blogs, emailing their alumni, posting information to institutional websites. They're using NASFAA's return to repayment

toolkit to help their borrowers. So hopefully those efforts did reach a lot of borrowers and have actually cut down on those servicer call times because they've helped people to either, have made their phone call to their servicer before now when things got wild, or are reaching those borrowers now and saving them having to make that phone call.

Allie Arcese:

So what should financial administrators be doing now? What advice can they give individual students?

Jill Desjean:

I think that the best advice to help students now is essentially to tell them to avoid making a phone call whenever they can. And that's challenging of course, but referring them to studentaid.gov.

Studentaid.gov actually has really good resources about loan repayment and can answer any general question that a borrower might have. Servicer websites are another place to find out very account specific information.

And the other really important part of this equation that financial aid administrators shouldn't forget is that they should be reminding borrowers about this 12 month on-ramp to repayment, which we like to think our letter from two years ago sort of informed this decision to address exactly these types of concerns. The Department knew just like we knew this is going to be a stress on the system. This is going to be an awful lot. And so they set up this system where basically borrowers who miss a payment aren't going to be treated as delinquent on their credit reports and they won't be treated as delinquent for purposes of establishing a student loan default. So they won't go into that student loan default pathway.

So if someone just cannot make their first payment in October because they can't get through to their servicer and they can't handle whatever it is they need to do by visiting a website, at least there's some consolation that they won't be penalized during this transition period. They've got 12 months to sort of... They won't need that, but they've got 12 full months in the rare event that that's necessary to be able to sort out how they're going to get their loans paid off-

Allie Arcese:

But they will be accruing interest?

Jill Desjean:

They will be accruing interest.

Allie Arcese:

That's like the one notable difference.

Jill Desjean:

Right. So it is not entirely consequence free and that's just lousy. But it could be worse, I guess is maybe the sad message there.

Allie Arcese:

So why do you think it is that so many people that their reaction is to call their servicer instead of go online? Because personally, I have what you might call millennial anxiety, and I will do anything in my power to avoid talking to someone on the phone.

Jill Desjean:

Yeah, Allie, there must be some Gen X anxiety-

Allie Arcese:

That is the last-

Jill Desjean:

About that too, because I don't order takeout on the phone. I don't answer when my mom calls. I don't like the phone.

Allie Arcese:

If I can do it on my computer and not contact another human, that's perfect.

Jill Desjean:

And maybe that really is the issue though, that the information isn't available online. Maybe all of these borrowers who are calling are like us. Do not want to pick up a phone, but are like, I cannot find the answer, the answer to my question, isn't there? And so-

Allie Arcese:

Wow. They really must be at the end of their rope.

Jill Desjean:

I would think. Right. For me to pick up a phone, I'd already be there, but then certainly when I heard your wait time is 600 minutes, that might push me over the edge. So I empathize for sure. For sure.

Allie Arcese:

I know. Not to make light of the situation.

Jill Desjean:

No, I don't think it's, why is everybody picking up the phone and calling their servicer? It's not just like a fun thing people want to do.

Allie Arcese:

Gosh no. And one other, especially tricky thing, with the return to repayment is this new plan that's being rolled out with so many borrowers are trying to get into that plan before they have to make their first payment, the SAVE plan. Can you talk a little bit about that?

Jill Desjean:

Yeah. So I think the rollout of the SAVE plan at this same point in time as repayment is resuming is definitely probably contributing to some of these phone calls to servicers. People with questions about just enrolling in SAVE, obviously related to returning to repayment, but sort of separate at the same time. This new SAVE plan is going to offer a lower monthly payment for a lot of borrowers. So they understandably want to be enrolled before their first payment is due. They don't want to make a monthly payment that's higher than what they have to. That just makes sense.

Allie Arcese:

Right. And some of the provisions with SAVE are being early implemented now, are already in effect and some won't go into effect until next July 2024. Can you tell us about the provisions there?

Jill Desjean:

Yeah. So what's in place now is higher income protection. So basically, income driven loan repayment plans calculate monthly payments based on a borrower's discretionary income, and they calculate that discretionary income as the borrower's income that exceeds typically 150% of the federal poverty guideline. That's what most of the current income-based income driven repayment plans use.

So if your income exceeds 150% of poverty, you're considered to have some income that's discretionary, hence available for your student loan payments, and you pay generally 10% of that discretionary income under the current plans. SAVE sets that income protection to 225% of poverty guidelines. So basically that means that borrowers appear to have less discretionary income, less income that's available to go toward their loan payments, which translates to a lower payment.

It is important to note though, that the SAVE plan doesn't cap your monthly payment at the amount you would've paid under the standard 10 year plan. So if you're a higher income borrower, your SAVE payment amount can be higher than you'd be expected to pay under the standard 10 year plan. You could have a payment that could have you paying off your loans in four years or eight years or something like that. If you can afford that, that's perfectly fine, but SAVE is not a money saving plan at that point. You're better off on standard than on that. But there are calculators with the Department of Ed that you can use to make sure that you don't go into SAVE and end up having a higher payment.

Allie Arcese:

I saw that personally when I went through doing that because the last time I was recertifying my income, I was not married. It was four years ago. So yeah, actually I was one of the people who under the SAVE plan, my payment would've been higher than in the standard 10-year repayment plan.

Jill Desjean:

And so you intelligently chose the 10-year plan.

Allie Arcese:

Yeah. At first I was like, wait a minute.

Jill Desjean:

And again-

Allie Arcese:

Thank you to my husband for making me ineligible. Well, not ineligible, but yeah. So definitely good to pay attention there. What else?

Jill Desjean:

The other thing that's going into effect now is the elimination of negative amortization. And so this is the thing where-

Allie Arcese:

That's big.

Jill Desjean:

It's huge. This is probably the biggest thing coming on. It's depending on what you're like-

Allie Arcese:

It's probably not getting as much attention as it deserves, right?

Jill Desjean:

Yeah. It might be my favorite provision of SAVE if a person could have a favorite thing. Because when you're on an income-based or income-driven repayment plan, you're generally, you're not covering your interest. The standard payment plan is calculated such you're paying down some principle and some interest, but when you're on one of these lower monthly payments, you're frequently not covering the principal or the interest that's accrued during the month. And what you see is you make a payment for \$50 or a hundred dollars, whatever it might be, but then the next month your loan balance is higher. And that feels awful. That is so unsatisfying.

Allie Arcese:

It feels like your loans are gaslighting you.

Jill Desjean:

Yes. Yeah. And people complain about this all the time and they rightfully should. And so this is a really big deal to not have your interest grow when you make payments. Even if your payment is zero, basically any month that your monthly payment doesn't cover your interest, the remaining interest is just forgiven. So you're not going to see your balance growing, and that's just going to make a lot of borrowers feel better about their loans. And that's not nothing.

Allie Arcese:

I too, think that is my favorite provision. How nerdy is that? What's your favorite provision of the new income driven repayment plan?

Jill Desjean:

Yeah. I guess so.

Allie Arcese:

Let's talk about that at happy hour.

Jill Desjean:

Might not be a shock to anyone who's listening here that we might be those kinds of nerds, but yep, there it is. And the last thing that's effective now is that borrowers under all repayment plans, not just SAVE, will actually receive credit toward forgiveness for time spent in certain deferments and forbearances. So if you use something like a cancer deferment, military service, or economic hardship deferment, just as some examples, there's a long list of them. Those months in those statuses actually

count as months in repayment for forgiveness. So in the past, you sort of had to decide, do I want to take a break from making my payments because I'm in cancer treatment or because I'm on active duty in the military, but know that the trade-off is that it's going to take longer now for you to achieve forgiveness on your loans. Now you don't have to make the choice. Now you can take that break from making payments, but those months spent in whatever status that is are going to count towards your ultimate forgiveness.

Allie Arcese:

That is also pretty huge. Yeah.

Jill Desjean:

Yeah. It really is nice because you hate to think of someone having to make... That's a difficult choice to make. And unnecessary it seems.

Allie Arcese:

Cancer treatment or student loans. Not a choice you want to have to make.

Jill Desjean:

Absolutely.

Allie Arcese:

And borrowers can enroll now?

Jill Desjean:

Yes, borrowers can enroll in SAVE now. The application has been up for a couple of weeks and everyone who was already enrolled in the repay plan is automatically enrolled in SAVE because SAVE is actually just a rebranding of the current repay plan with new terms. So you don't have to do anything if you're in repay.

Allie Arcese:

Yeah, okay. And how's the process? Is it... How long?

Jill Desjean:

I haven't heard. Yeah, I think my understanding is like a five-minute application process. I'm actually going to watch somebody fill it out tomorrow. Someone has offered to let me Zoom in and watch them apply for SAVE. So I could tell you more after tomorrow, but understanding-

Allie Arcese:

I don't know why I asked. I did it myself.

Jill Desjean:

You tell me Allie.

Allie Arcese:

Yeah, like you said, it was about five, ten minutes. Yeah, the direct data sharing worked really well. It was pretty seamless for me. Didn't run into any bugs there. So that's also a big difference with this new plan and-

Jill Desjean:

Absolutely, yeah, and not having to update your earnings every year with the Department, because I used to deal with borrowers all the time who just forgot they were I working with medical students, they are pretty busy after they graduate doing residencies and fellowships and just didn't have a chance to open the mail, didn't have a chance to check that email because they're working a million hours a week and they've missed their recertification and suddenly get a bill for a lot more money than they could afford. So letting that just happen behind the scenes, IRS and the Department of Ed talking to each other is really nice.

Allie Arcese:

Well, big things happening in repayment now and over the next couple of weeks. Thanks, Jill, for the recap on SAVE and all things repayment. Now we are going to turn to David for everyone's favorite topic, FAFSA simplification. Now, in a normal year, the FAFSA would be going live in a couple weeks, a couple days, on October 1st. This is not a normal year.

David Tolman:

No. This is not a normal year at all.

Allie Arcese:

When are we expecting it to come out?

David Tolman:

In so many ways. The FAFSA Simplification Act requires the FAFSA to be launched by January 1st, 2024. Now, the Department of Education, they haven't committed to a specific date, but we don't expect that they're going to release it after January 1st. And most indications are that it's going to be closer to that date, maybe the end of December. But we do expect by the time this podcast is out, a second version of the draft of 24-25 FAFSA will be available. So just want to point that out to people that take a look at that if you're trying to get up to speed with what the new application's going to look like. But this is going to be an abnormal year. We expect that the Department's going to go back and they have said they're going to go back to October 1st for subsequent year FAFSA's. So the 2025-26 FAFSA launch is going to occur on October 1st, 2024. So this year really is different.

Allie Arcese:

This is just the outlier. And then back to business as usual, hopefully. So there's obviously a lot to discuss about the FAFSA. What are we going over today?

David Tolman:

We're going to talk about FAFSA contributors.

Allie Arcese:

Okay, yeah, which is a new term. Tell us about what a contributor is now.

David Tolman:

So a contributor is a term for anyone who is asked to provide information on an applicant's FAFSA. So this will always include the student. And if the student is married and not separated or divorced, it will also include the student's spouse. And then if the student is dependent, it starts to get a little more complicated, but contributors include the student's biological or adoptive parent or the stepparent if the biological parent is remarried.

But many families are all different. The structure's different. So there's a number of variations of this. So let's start with defining the parent or the parents who will be contributors to a student's FAFSA. And some of the factors that will help determine which parent that will be is the parent's marital status, the living arrangements, the financial support to the child, and their tax filing status.

So let's start with an easy case. Parents are married to each other. They live together. They filed a joint federal tax return in the base year and by base year, that's 2022 for the 24-25 FAFSA. So in that case, only one of the parents will act as a contributor on the FAFSA. And that's mainly down to the IRS direct data exchange or DDX. So when a tax return is filed jointly, only one parent is necessary to provide consent for that DDX to occur. And it doesn't matter which parent does that.

Allie Arcese:

Okay, so that's probably the most straightforward. What if the parents are married, but file separately?

David Tolman:

So in the case of separate tax returns, both parents are contributors. So each parent must provide consent to the transfer of that data from the IRS, and one spouse cannot provide consent for the other spouse if separate tax returns were filed.

Allie Arcese:

And if the parents are not married but they live together, does the same thing apply that each must provide consent?

David Tolman:

Yeah, that's correct. The consent from each parent is required because they're not married, they cannot file jointly, and one parent cannot provide consent for the other parents.

Allie Arcese:

And what about if the parents are divorced or separated?

David Tolman:

And this is where it starts to get a little tricky and is a change for 24-25 compared to cases of parents who are divorced prior to this. But the determination of which parent is the parent of record for purposes of completing the FAFSA and providing consent is based on this. First, it's not based on who the student lived with at all. That is gone. It's now the parent who provided the greater portion of the student's financial support during the 12 months immediate to filing the FAFSA. So not during the base year, but those 12 months immediate to filing the FAFSA.

It used to be the parent who the student lived with the most. Now it's the parent providing the most financial support. So that is one big change. And if a determination cannot be made on that criteria, so maybe the student is completely financially self-sufficient and the last 12 months didn't receive financial

support from either parent, the next criteria is still based on financial support, but the time period changes. And that is, the question then becomes, during the most recent year that a student received financial support from either parent, which parent provided that support?

And then finally, if the parents provided an equal amount of support. So we're getting to some unlikely scenarios, but the parent of record is the parent with a greater amount of income or assets is how it's phrased. So 99% of the time, I think the parent's going to be determined using those first two criteria. But if it gets to this final one, the parent with the greatest amount of income or assets, what does that mean? And we're waiting clarification from ED on what that means. It could be vague. What if one parent has all the income, the other parent has all the assets, for example, and those happen to be equal.

And then another point to be made here is that the parent of record, in no case, and I've already said this, just want to reemphasize it, in no case will it be determined using the previous criteria of which parent the student lived with the most. That criteria ends with the 2023-24 FAFSA.

Allie Arcese:

Yeah, those are unlikely scenarios, but like you said, they can happen. So yeah, good to go over them. Back to the first criteria, which parent provides the most financial support? There have been some questions from members about which parent uses child support paid when making that determination. Do we have an answer to that?

David Tolman:

We do. So when child support paid is involved, when determining which parent provides the most financial support to the student, we're still talking about parents who are divorced or separated.

The parent who pays that support counts that child's support paid as the financial support towards the child. Not the parent who received the child support payment and then used that payment to support the child. But it's important to remember we're only talking about child support paid from one parent to the other for the student who is completing the FAFSA, not other children if they're involved. And it could very well be the case that the student is beyond the age of when that parent is obligated to provide that child support. And no support was provided in the preceding 12 months. So keep that in mind as well. And this is not an area where schools are required to verify. Unless you've got some conflicting information, you can accept which parent filled out the FAFSA.

Allie Arcese:

Okay. Now we've talked about dependent students and parent contributors, but what about independent students and married students? Is a spouse considered a contributor?

David Tolman:

Yes. This is easy. It's yes. And it's always. The student's spouse must provide consent and sign the FAFSA even if they had a married filing jointly tax return.

Allie Arcese:

Okay, straightforward. Let's talk about the consent piece. What is involved in providing consent?

David Tolman:

All right. So in this context, consent specifically refers to allowing the transfer of data from the IRS through the DDX process. But it's also tied to providing the signature on the FAFSA. All of this will be done through the FSAID, which replaces the use of personally identifiable information or PII. So the FSAID is a username and password that's created through the Department and is verified by the Social Security Administration.

Most financial aid administrators are very familiar with this for themselves. But even though the FAFSA is not yet available, the FSAID can be created now and each individual must create their own FSAID. The student can't do it for themselves and do it for the parent or vice versa. And currently the process is started on studentaid.gov and we can provide a link to a help sheet in the podcast notes.

Things that they'll need when they go to create it is their full name, their date of birth and social security number. Hopefully they know the first two things. And the social security number and then either an email address or mobile phone number that's unique to that individual. You can't use a shared email address or if you do, you're the only one that can use that. Then they'll create a username, a password, and complete some challenge questions and answers to set them up in case they need to be identified later.

And then, the data will be sent to the Social Security administration for verification. And that could take a few days. So if somebody's waiting until January 1st to start the whole process, they might find that they can't complete it because the FSAID needs to be validated. So now's the time to get that FSAID and schools will be doing their students a favor by promoting it.

Allie Arcese:

Yeah. Yeah. There are a handful of things they can do now to get ready. If a parent does not have a social security number, can they get an FSAID?

David Tolman:

They can, but the process hasn't yet been specified by the department or the timeframe when that process will be available for those without an SSN. But this of course, a student must always have an SSN.

Allie Arcese:

And what about a contributor, who for whatever reason, does not want to get an FSAID. Are there alternatives?

David Tolman:

There are. And the first one, really the best one is to get their hands on a hard to find now, but a copy of a paper FAFSA and submit it with signatures from all contributors, sign it.

Allie Arcese:

They can probably reach out to Senator Alexander for a paper FAFSA.

David Tolman:

They probably could do that. They'd have to find his, he's in private life now. Go find him.

The other way of doing this... It's not recommended, I'll say upfront, but the student completes their section online and then they self-report the parental information. It goes off unsigned. The FAFSA processing system or FPS, the new name will reject the FAFSA, but the parent can then provide their

signature and consent on a paper copy of the FAFSA submission summary, kind of like the student aid report, but now got this new name.

But the method, like I said, it's not recommended. It adds complexity. It adds some processing time. And also the school cannot intervene and collect the signature page and enter it on the FAFSA partner portal like they've been able to do with FSA access to CPS online. The parent will actually have to mail that directly to the FPS.

Allie Arcese:

Yeah. That sounds like a lot. Will we post some more links for more information?

David Tolman:

With everything FAFSA simplification or financial aid for that matter, you can always dig deeper. So we'll get those links. And I just have to say, when I started outlining this podcast, I had this idea that we could talk all about the family size and who's included in it, but that's had to start with parents and contributors and there was no getting past contributors today. So we can go in a further direction with this. Leave comments if you want more about that family size or if you're on the Slack channels that NASFAA has, leave some comments in the "Off the Cuff" podcast channel, and we can plan to cover it some more in October.

Allie Arcese:

Yeah. As always, if you have suggestions or questions, if you are in our "Off the Cuff" community on Slack, feel free to continue the discussion over there. And as always, send us your thoughts, your feedback, using our feedback submission form. And thank you everyone for joining us for another episode of "Off the Cuff."

We will be back with another AskReg's episode very soon. Thanks everyone.

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