

NASFAA's "Off the Cuff" Podcast – Episode 295 Transcript

OTC Inside The Beltway: More FAFSA Updates and Biden's Proposed Student Debt Relief Plan

Speaker 1:

This episode of "Off the Cuff" is brought to you by NASFFA's virtual conference. Register for NASFFA's 2024 virtual conference happening July 8th through 11th, 2024. The virtual conference will feature the same great aspects of the national conference you've come to know and love, but in a completely virtual format. The content will consist entirely of unique sessions not offered at the in-person national conference in Milwaukee. For one low price of \$350, everyone on your NASFAA roster can participate in the conference. Learn more and be sure to register today at nasffa.org/virtual.

Justin Draeger:

Hey everybody, welcome to another edition of "Off the Cuff." I'm Justin Draeger.

Karen McCarthy:

I'm Karen McCarthy from NASFFA's team.

Jonathan Fansmith:

And I'm Jon Fansmith from the American Council in Education.

Justin Draeger:

Welcome back, John. We're so glad to have you.

Jonathan Fansmith:

So good to be here, Justin. Always a pleasure.

Justin Draeger:

It was a little while because it wasn't like we were banishing you, John, but when Karen's just going to talk 99% of the time about the FAFSA, we also didn't want to have you on.

Karen McCarthy:

That makes me sound terrible.

Justin Draeger:

No, Karen, you're the one with all the information.

Jonathan Fansmith:

Just for the record, I am always happy to sit there and learn from Karen, so don't use that as a reason to exclude me.

Justin Draeger:

No, I hear you. No, that's fair. It just made me think that when Jon, you show up for our podcast, we just hit record as soon as you or Karen, when we're all here we just hit record and then we go, which is a little different than when I show up for the ACE podcast.

Jonathan Fansmith:

Slightly different. Are you going to tell people the difference, Justin?

Justin Draeger:

No, no. I just wanted to say when we show up, it really is, "Off the Cuff" is not just a clever name. It's literally how we do things here. We just hit record.

Jonathan Fansmith:

I will say, we're recording this at noon, and I opened the agenda at I think 11:56 possibly.

Justin Draeger:

Yeah. You're the lemur in the Google doc, I take it?

Jonathan Fansmith:

I think so.

Justin Draeger:

I log on a few minutes before that. I prepare the most, obviously because I opened it.

Karen McCarthy:

Wait, wait. I do have a story about the agenda in that the producer, so it's Maria today, is very helpful in compiling the agenda, giving us links if we want to freshen up on any of the guidance we're talking about.

Justin Draeger:

Maria's excellence. We can all agree on that.

Karen McCarthy:

Yes, so kudos to Maria. But-

Justin Draeger:

Kudos, Maria. Oh, then the but. Okay, Maria. Just cancel everything Karen just said. Now listen closely to the following.

Karen McCarthy:

It's not about Maria.

Justin Draeger:

Oh, okay.

Karen McCarthy:

So we're recording at noon, so I generally try to prepare a little bit so I know what I'm talking about. So at 9:00 AM the day of the recording, I'll open the agenda, make sure I know what I'm doing, how much time is this going to take. So one particular time I look at 9:00, I'm like, "Okay, I'm on top of this. I don't need to spend a lot of time." And then we log in at noon, I open the agenda and it looks entirely different because I asked Justin, "Did you make any changes to this agenda?" "Yeah, I tweaked with it a little bit this morning." So even when you try to prepare, it just somehow-

Justin Draeger:

I go in when I log in-

Karen McCarthy:

And also, this is a good summary of working for Justin, I will say.

Justin Draeger:

This is a pattern. Right.

Karen McCarthy:

You have to be able, I've really developed my skills in that area, so thank you, Justin.

Justin Draeger:

You're welcome.

Jonathan Fansmith:

It also makes me feel better about not checking the agenda until immediately before the requirement because who knows? It might change and I'd be all prepared for the wrong thing.

Justin Draeger:

You're like, "What's the point?" Because I'm going to come in and when I check in, I take what Maria has provided, which is very good and detailed, and then I sometimes reorder it or I'm like, "Let's do this or that." And it is a little bit different than other podcasts, but "Off the Cuff" is a very apt name for it. And we are putting it together in sort of real time, but there's a lot of prep that goes into this. Jon, you're bringing a wealth of knowledge of what you all are doing at ACE, and you're sort of a de facto. You're an ally. You're a NASFAA ally. I was thinking about this on my walk today.

Jonathan Fansmith:

Oh, I like that. That's a nice way to describe me. Very much an ally for NASFAA too, by the way.

Justin Draeger:

NASFAA ally, and Karen and I and Maria are all employed by NASFAA, so we put this all together and voila. But you were saying earlier that we sent you an email or NASFAA put out an email of our most

downloaded episodes for last year, and you were like, "Maybe I'm not being invited back on because only four of the top 10 were inside the beltway."

Jonathan Fansmith:

I think it was top 12. I think maybe it was top 10. Anyway, it was definitely a minority percentage. Well, there's monthly. I don't know. I forget exactly. But anyway, it seemed like a minority of the episodes were ones that I was involved with.

Justin Draeger:

And then Karen and I were both like, "I don't remember seeing this email at all," and now I'm thinking that maybe this was a mafia sort of thing. Maybe we only sent it to you, and this was-

Jonathan Fansmith:

This is the horse head in my bed of, "Enjoy your Fidelity appearance this week."

Justin Draeger:

Take a hint. We're sending you a message. No, actually, the truth is it really has just been so much FAFSA. And today we're going to talk about FAFSA obviously, but there's other things happening in DC and a couple things we want to talk about on top of all the FAFSA news, so let's jump right in. We do want to hit the FAFSA updates first and foremost, and Karen, I'm going to ask you the question I ask you every single week.

Karen McCarthy:

Yeah, what is that? What is that question?

Justin Draeger:

Are you setting me up? Is this rhetorical or are you sincerely asking?

Karen McCarthy:

No, really. I was like, "What does he ask me every single week?"

Justin Draeger:

I ask you every single week I want to know, are we turning a corner? Is there light at the end of this tunnel? Have we summited the peak of challenges? Are things finally turning for the better?

Karen McCarthy:

Oh yeah, that question.

Justin Draeger:

Not an immediate yes, you'll note.

Karen McCarthy:

I do feel like there have been some promising developments.

Justin Draeger:

Okay. And those are?

Karen McCarthy:

Well, that we have some concrete information on dates related to reprocessing, ISIRs that need to be reprocessed. Student corrections are open, so some of the rejected FAFSA where it's like something that the student can go in and correct, they can do that now. So hopefully that will resolve some ISIRs, more people who can hopefully be packaged and get aid offers. All of that is good. Let's see. Those might be the big good things. We still have outstanding questions. The biggest I would say is the status of school corrections, which is really up in the air.

Justin Draeger:

We've talked about this many times. We always knew that the timeline, that was going to be at the end of the department's processing in terms of bringing things online. So in terms of the worst situation, making the best of a very bad situation, that was going to be end of the processing cycle. So student corrections were going to come online, then we had these reprocessing that would occur. The other thing that we were maybe pleasantly surprised about last week, we had some polling data from our members that showed that most of them had a plan of action. Many of our schools were, at the time, going to go out with financial aid offers before May 1 with the students that didn't need reprocessing. We released some polling, we just did some polling this week. This will be out tomorrow, so on Friday. I want focus on the sector breakouts for a moment.

So from our nonprofits, these would be the private nonprofit, mostly four-year institutions, although we do have some nonprofit private two-years, but those are a very small percentage of NAFFSA members, 66% have said they have already sent aid offers to some or all of their students. Another 15% said they had begun packaging and expect to start sending aid offers by the end of April. Of the public four-years, 16% they had already sent aid offers to some or all of their students. Another 20% has said that they've begun packaging and expect to start sending aid offers by the end of April, 64% said that they had not yet begun packaging aid offers. So there's a bit to break out there, but I would just say that now at least we are rolling into aid offers, which is not where we were two weeks ago. Rays of sunshine breaking through these clouds. I'm not all rainbows and sunshine, I just want to be clear on that. But the question, Karen, was are we turning a corner? And I feel like we are on the curve. We are turning a corner.

Karen McCarthy:

I'm cautiously optimistic, I guess I would say.

Justin Draeger:

Okay. So it's still a very rough period, but aid offers are starting to roll out to students. So check out those survey results. Those will be released in Today's News tomorrow, and we are going to continue these surveys on a weekly basis for several weeks. These results are being shared with the Department of Education. We are working in cooperation with them so they can sort of see in almost real time what's going on with institutions based on what they're releasing in terms of guidance and in their lists that are going to institutions of which ISIRs have been impacted, and they're now reprocessing. That will start to gear up just now and in the weeks ahead. Okay. Karen, let's get to the latest FAFSA guidance. Hit us. What do you got?

Karen McCarthy:

Oh my God. This part of the agenda, which I did consult before recording, there's this big thing and this big thing, but one thing that there hasn't been any official announcement on, but I thought we might want to mention during the podcast is that we are aware, and FSA did give us a heads up the day before that they have some type of calling campaign where they have FSA staff making phone calls to I presume their financial aid director or whoever they have on their contact list to ask them how things are going with regards to their aid offer.

"Is there anything that you need? Are you aware of our webinars?" Kind of conversations like that, and we found out the day before that they were going to start making these phone calls. There were some of our members who were a little caught off guard. It's not usually a good sign when somebody from the Department of Ed is showing up on your caller ID in your office. There were some folks that said, "I was afraid to answer it. I just waited, let them leave a voicemail, and what are they going to ask me? Anybody know?" So I don't know.

Justin Draeger:

They didn't publicly tell schools they were going to make these calls, right?

Karen McCarthy:

No.

Justin Draeger:

They let stakeholders know, but they didn't tell schools.

Karen McCarthy:

Right? Right. Yeah.

Justin Draeger:

But these are friendly calls.

Karen McCarthy:

They are. They're friendly, I think on the part of the Department of Education, I'm kind of curious what kind of feedback you're getting from schools. I did tell FSA that I hoped they were paying these phone callers handsomely, because I wouldn't want to be the person to call schools and say, "Hey, can we do anything for you?"

Justin Draeger:

Because you think they might have a long list of things they could do?

Karen McCarthy:

Yes. Some are legit. It's not about a program review, any of those types of things. They are friendly calls from Ed.

Justin Draeger:

All I have to say is God help any of those callers if there's any outstanding paperwork that a school has sent the department and it's still sitting there and a caller happens to call, "Anything I can do for you?" "Well, you've been sitting on an open program with you or an E app or a new program that hasn't been approved for 12 months."

Karen McCarthy:

So we did want to mention that because there was some chatter in our Slack communities. Not everybody participates there, so may not have seen it. Don't want people to freak out about those phone calls.

Justin Draeger:

Okay, great. What else do we got?

Karen McCarthy:

Let's see, what else do we have? So student corrections are now, the word they're using is broadly available. They did tell us I think last week that they were putting it up for short periods of time. They kind of let everybody know in their announcement that they were going to do that and that they expected it to be broadly available this week. It is now broadly available, so that to me that means 24/7, somebody can go in and make a correction. Dishearteningly, right after the corrections went up, they did update their issues alert to establish a new category of issues they've identified with student corrections. So I will admit, when I saw that I was a little deflated.

They have four issues that they've identified, and only one of them has a workaround. The other three were issues like, "Some applicants who fit these circumstance can't make their corrections. They'll be able to do it when we fix the issue," and so there's not any kind of workaround at all. We did separately reach out to FSA to ask them about the scope of those issues. There's not really any sense in the issues alert, what's the volume here? And they said that their early monitoring was showing that the vast majority of corrections have been successful, so they think that they are much smaller populations of people who are running into trouble with their corrections.

Justin Draeger:

One of the issues, for example, is when the student manually enters their information or when they do a correction, it appears that all the asset information is removed. And it's not actually removed, it just looks like it's removed, but it's all retained on the back end. So in that instance, it's sort of like there's nothing they can do, but the application isn't miscalculating anything, it's just a presentation error. I'm also confused sometimes, like they say in some cases, in some cases, in some cases, and then in one issue they put, "In a small number of cases." I just want somebody to give me the scale in some cases. Is that one?

Karen McCarthy:

That's why we asked. That's why I work for you, Justin. Getting you the info that you want to know.

Justin Draeger:

Right. Okay. I just want to understand when you use these words, what does that mean? Give me the scale. Anyway. But vast majority is there's always going to be these issues, right? Again, this goes back to in a normal year, you would find these issues and it would be December or January, and it wouldn't be a

big deal. These would exist. You would squash the bugs and you'd move on. The problem is that it's April going into May, so all of these small bugs are becoming much larger bugs.

Karen McCarthy:

And I feel like I've heard this not in the FAFSA concept at all, but I have heard the phrase of having sunburn with someone. Have you ever heard that?

Justin Draeger:

No.

Karen McCarthy:

Which is like, "Well, I have sunburn with so-and-so," which is that you're already irritated with that person so if they do any little thing, it's really going to rub you the wrong way and be painful. And if it was somebody else who did that, it would be fine. But because it's this person who you already have sunburn with, you get really triggered.

Justin Draeger:

You have a senior at home. Is this something that kids are saying? Are you trying to make this happen?

Karen McCarthy:

I don't know where I saw that, but I feel like that's how schools are with the department.

Justin Draeger:

Maria, as our resident young person, is this something?

Karen McCarthy:

It might be an old person thing. I don't know.

Jonathan Fansmith:

It's the office.

Justin Draeger:

Karen trends older. Her friends group is older.

Karen McCarthy:

I trend older.

Justin Draeger:

Well, I'm saying, you have a senior at home.

Karen McCarthy:

I do.

Justin Draeger:

You have a senior at home, so I thought maybe this was something the kids were saying. Maria squashed that, so now you said maybe older people. So I thought well, maybe she's [inaudible 00:16:01]

Karen McCarthy:

I don't know where I got it from. It could have been Megan Koval kind has that old vocabulary.

Justin Draeger:

Yes, yes. Canoodling, words like that.

Karen McCarthy:

So when they put these announcements out, if there are any issues, people are, "Oh, there's another thing." And in a normal year, they're minor issues, everybody would be able to roll with it. And now we can't really roll with it because of the time constrictions and people are already kind of on edge about it all.

Justin Draeger:

Yep. Okay. Any other FAFSA updates?

Karen McCarthy:

Related to corrections, I'm highlighting this because there were some folks on our FAFSA simplification implementation working group who said that they wanted to be able to tell students how to go back in and say add a signature or provide the consent, but they wanted explicit directions and they didn't know how to provide that guidance. So students would call them and say, "How do I put my signature on my FAFSA?" And they didn't really know. They'd send them studentaid.gov, log in, "I don't know, poke around." And so they were looking for more explicit directions and they did over at FSA update how to make particular corrections, which is aimed at students, but it has the step-by-step. Log in here, click here. And so Maria, hopefully we can include that link in the show notes. And so our working group thought that was particularly helpful in terms of counseling with students.

Justin Draeger:

Absolutely, because if you filled out your FAFSA months ago, it's gone and forgotten.

Karen McCarthy:

And there's no way that an aid officer would have that info. Unless they have their own FAFSA where they can go in and initiate corrections, we don't have the demo we normally do in a regular year, so challenging.

Justin Draeger:

And there are schools I know who are staying open late at night, doing weekend hours and college access groups too, who are just doing student and correction night or student and parent correction night or student-parent correction day where they're just holding open hours for students and parents to come in and sit down in a terminal or open up your laptop and we'll walk you through corrections, so that sort of stuff's very helpful. All right, Karen. Anything else?

Karen McCarthy:

I feel like the biggest news was around the concrete dates for reprocessing of the ISIRs, and that there are essentially two buckets of ISIRs that need to be reprocessed. A key point is that all of these issues have been corrected as of whenever they announced that, that was in the past. There's this one time reprocessing. This reprocessing is not extending into the future, and yada, yada. New FAFSAs will be done correctly. But there are the two buckets. One are the bucket of issues that they're reprocessing that do not involve the IRS in any way. So Ed has fixed them on their end. They can push through the reprocessing and as of today, at last night's announcement, said that they are going to be starting that reprocessing starting today. And then the second bucket are the discrepant tax data info. Again, the issues are now correct. The correct information should be coming over from the IRS, all of that is working now. But in order to reprocess those FAFSAs, Ed has to ping against the IRS database again.

Justin Draeger:

That's new functionality. It was never built to in multiple times-

Karen McCarthy:

Do multiple things.

Justin Draeger:

... retain IRS data.

Karen McCarthy:

Yes. So that wasn't already part of the process, so they have to reprogram that. And so that bucket of issues, the IRS data issues is taking a little bit longer. And they did say that their plan is to start sending out reprocessed ISIRs by May 1st.

Justin Draeger:

That's going to take a little longer.

Karen McCarthy:

Again, it's millions of them, so it will take a few days. Because they need to build that functionality to ping against the IRS, it will take them a little bit longer.

Justin Draeger:

So at least schools have information so they can decide whether they want to move forward with the ISIRs they have, they want to wait for reprocessing, they want to do something in between.

Karen McCarthy:

Yeah, because that was one of the challenges initially when they were talking about all the discretion that schools had, and you could do this, you can wait, you can not wait. If you don't wait and then something comes in later, then you might have to repackage, but there were no dates attached to any of it. And that's a key part in deciding are we going forward or are we waiting, is when are we going to get these reprocessed ISIRs?

Justin Draeger:

There's no question that the aid community has been through a lot, and justifiably sunburned, I guess you could say, Karen, with the department. So in some ways, the department's damned if they do and they're damned if they don't. So they can communicate a lot and that can rub schools the wrong way. If they don't communicate enough, that can also rub schools the wrong way. So I guess if we had to err on one side or the other, we would say communicate more often because that at least gives schools the information in terms of, "Where do you stand today? Let us know where you're at because that will inform what we do on campus," right?

Karen McCarthy:

Right.

Justin Draeger:

Okay. So they're releasing almost daily or every other day because then they're giving us what they know, and that then allows schools to make a decision, at least based on where the department is today, and then they'll refine their information as they have it. And the operational guidance has returned to more operational in nature, which is also what we asked for. One other update I'm going to ask you for, and then Karen, if there isn't anything else we can move on to some of the other updates here with Jon. A lot of schools heading into summer with headers and are worried about disbursements. So when is COD going to come online so they can start thinking about common origination and disbursement records for Pell and loans, in particular for our graduate schools? They can get aid offers out. It's not need-based aid in a lot of instances, most all instances, so they're focused on when can we start uploading our records and thinking about disbursements?

Karen McCarthy:

Yeah. And you mentioned the graduate programs. I feel like those are the folks we have heard from the most because they are loans in millions of dollars that schools are making to their graduate programs. There are a lot of graduate programs that have early start dates in early May, so they're incoming students. They need to be able to pay their bills with the institution, which is easier for the institution to defer payments on that. Their biggest concern was they need these loans so that they can pay off-campus living costs and things like that. And many of these institutions, if it's a smaller, less resourced institution, they say, "We don't have funds to be able to make advances to students and then be reimbursed later when loans come in. I need to know what to be able to tell these students."

So we had been pushing the department on the availability of COD for '24/'25 so that schools can start to submit in particular origination records for loans. And they did recently in the last couple days say that that functionality will come online on the 21st, which I think is Sunday. They are taking it down, there'll be an outage. I think it's like 11 AM, later on Sunday will come up and should then work. And I feel like this is one of those areas where we at NASFAA have no visibility into whether this process is working at all, so we can't see COD, we don't know what schools are seeing, how it's supposed to on their end. So if there are issues that schools notice as they start to go into this originating process, they should definitely flag those for us so that we can elevate those to FSA.

Justin Draeger:

Okay. Thanks very much, Karen. Thanks to you and the policy team for staying on top of all this. Thanks to all the members who are staying in touch with us, our board, rapid response network, all the schools who helped fill out polling data that's keeping us informed as well. We'll continue to watch all of these updates and liaise between institutions, Department of Education, ACE, all of our colleagues here inside

the Beltway. Jon, let's turn to you. News has not stopped outside of FAFSA. The Department of Education and President Biden himself have been out touting new loan debt forgiveness plans. Why don't you catch us up on what's going on with student loan debt?

Jonathan Fansmith:

This is an interesting one too, in part because as you mentioned, the president himself did an event announcing this, which is not the norm really for a lot of initiatives out of the Department of Education. And I think the vice president was speaking somewhere, maybe the first gentleman. There were four or five administration officials simultaneously rolling this out. But this is in many ways the administration's response to their broad based loan forgiveness proposal being blocked by the Supreme Court last year. And they went through a full rulemaking process, which they hadn't with the previous proposal, and they really identified five categories of borrowers that they're looking to provide relief to, and this is the first time after that rulemaking process we've seen their final rules. We still haven't seen all of them, by the way. The fifth category is borrowers who are experiencing financial hardship, and there's some guidelines from the discussions about what that looks like related to costs or predictive ability that they'll never be able to repay their loans.

But those rules, the final rules we're going to see in a few weeks. Maybe the place to start too is just the terrible timing of this announcement for the Department of Education. I will say, I know they have multiple things happening at once, and you said there are things happening outside of FAFSA. At least in DC when it comes to Department of Education, there's nothing that's really happening entirely outside of consideration of what's happening with FAFSA, and this is one of those. The department, I guess it was a week ago Monday, said, "We're putting forward these rules," they didn't have the details out yet. That happened to be two days before the House Education Workforce Committee had a hearing, Justin, you may be aware of since you were there as a witness. It's called FAFSA Fail.

Justin Draeger:

It was a blur, but I remember.

Jonathan Fansmith:

I saw you, so I know you were there. At the same time that hearing was going on, the secretary was testifying before the Appropriations Committee about their budget request and spent I'd say approximately 70% of his time talking about FAFSA. The main line of criticism they heard in both hearings was the department has pulled staff and resources and time away from FAFSA implementation to do things like loan forgiveness, especially loan forgiveness. So announcing a new broad-based loan forgiveness plan two days before House Committees were going to talk about this, it if anything spoke more to reinforce the concerns I think a lot of particularly Republicans in the House had about where the Department's priorities are and what they're doing it for. And the fact that there were so many prominent Biden administration people rolling this out underlined in a lot of ways for those folks may be a possible political motive for pursuing this policy rather than the policy implications of it.

That said, it's a pretty thoughtful set of plans. They're looking at people primarily who have been paying their loans, but their interest has grown larger than the principle they borrowed, people who have been repaying undergraduate loans for 20 years or graduate loans for 25 years without making significant progress. People who attended an institution that either closed or lost Title IV eligibility because of variety of determinations, that there's a lack of quality there. It can provide up to \$20,000 of interest relief or full forgiveness for those borrowers, and it's a pretty large number. They estimated, I think between 20 and 30 million borrowers will get some form of relief under this plan. There's about 44

million borrowers total in repayment now, I think, so it is the overwhelming majority of people will get something out of this.

All that said, will it go forward? That's another question. The last time the administration tried loan forgiveness, it was immediately challenged by the courts. Their legal authority there was kind of a rarely used provision that was tied to the national emergency around COVID. This time they're saying it's just the straight HEA authorization gives them the authority to do it. They went through a rulemaking process. They've done a few things to strengthen their case that this was done according to the rules by the book. That said, they're almost certainly going to get sued. A number of states' attorneys general, the same ones who have criticized or sued on previous cases, have already said they're looking forward to doing that. So kind of in some ways, *deja vu* all over again.

We're going to see how strong their legal case is and what the court path looks like and what they can get. We're in mid-April, the election's in November. The timing of putting this before courts before the election may not actually be bad politically for the president. He in his comments made a point about, "We've tried to do this before, but were blocked by courts and Republicans." In some ways, he welcomes the opposition as drawing a line between, "I'm trying to provide loan forgiveness. They're trying to stop it." So who knows where we'll wind up by the end of the year, but again, a pretty big and ambitious effort and one with some clear political implications

Justin Draeger:

For those who actually who could receive debt forgiveness through this, when would these rules take effect? What's the timeline?

Jonathan Fansmith:

Well, so they would take effect as of July 1st, 2025. But the one thing I'm not clear about is they had it in the rules, and I'd have to look again, some of the provisions would apply automatically to borrowers who, like the ones if you were not in a repayment plan that allowed for forgiveness, but you would meet the criteria were you in that plan, they would provide automatic forgiveness. I don't know if that's something. We've seen that before with SAVE and other things. They sort of made a unilateral decision that you qualify and therefore your loans have been forgiven. Probably worth pointing out at this point, I think this administration has forgiven \$153 billion in student loans for about 4.6 million borrowers, so they're already doing this in a lot of areas, this is just in many ways codifying it so it applies to a broader group of people.

Karen McCarthy:

The rules are out, there's an NPRM, so in some ways the regulatory calendar applies. The final rule theoretically would be out by November 1st, so then it would be effective next July, as Jon said. But it seems that the administration would move forward to early implements, the ones that they can do easily, maybe not the whole shebang. Generally, if they can get their work done on their side, I would expect that they would early implement some of the buckets.

Jonathan Fansmith:

I think you're probably right. People may have seen too, the last round of forgiveness that went out. I think maybe the last two rounds of forgiveness the department announced, the email that went out to borrowers came from Joe Biden. Air quotes, "Came from Joe Biden," but his name was on it essentially announcing your loans have been forgiven. They see a real value in letting people know, "We're the administration that's forgiving your loan," so I think you're totally right. They would, I'm sure, try to

expedite that as much as possible. Again, the court would probably step in and put an injunction in place preventing them from doing that. Sorry, Karen.

Justin Draeger:

You wonder what?

Karen McCarthy:

No the dates are intriguing. What if they got final rules out this fall-

Justin Draeger:

Isn't the comment period 30 days?

Karen McCarthy:

It is. It's really short.

Justin Draeger:

Yeah. They're obviously fast tracking.

Karen McCarthy:

Yeah. So if they got it out, I wonder if then while we're going through the comment period and all of that, they're kind of working behind the scenes. They know what the plan is to implement all the system stuff on their end. I wonder if people could actually get cancellation before the election.

Justin Draeger:

Well, the question goes back to what Jon said, which is the states who have said that they're going to sue have already lined up and said that they're going to sue.

Karen McCarthy:

Is there some crucial date, like when-

Justin Draeger:

They can't sue until there's a final rule.

Karen McCarthy:

That was my question.

Justin Draeger:

So they issue a final rule, then it's just how quickly they can file a lawsuit, and then whether the court would put in place an injunction so that they can consider the lawsuit.

Jonathan Fansmith:

We don't have to get way too into this, but the other thing that's interesting is the same issue we had the last time go around, which is who has standing to sue? Who's harmed by this? And last time the servicers basically stayed out of it. It was the states saying there would be harm on state revenues. In

some cases, you wonder a little bit again who's going to step forward and say, "We are the impacted party. We're the harmed party as a result of doing this." One of the things that's interesting is if you look at the department's regs, they have language saying, "We'll also cover those borrowers from the FEL program where those loans aren't held by the federal government," because one of the parties that brought a suit against them last time said, "Well, I was a FEL borrower, so your relief doesn't apply to me. I'm unfairly being excluded from this." So you wonder a little bit if they are also being thoughtful as to who are the possible plaintiffs to complain in terms of trying to adjust that if they're trying to expedite it and get it done before the election.

Justin Draeger:

All right, Jon. Let's move on to some congressional funding, because how do we not yet have funding for the federal government for next year? That's maybe more rhetorical, unless you have an actual-

Jonathan Fansmith:

Your expectations aren't reasonable. They just finished funding for the year we're in.

Karen McCarthy:

I know. I was like, "What are you looking for?"

Justin Draeger:

A functioning Republic.

Jonathan Fansmith:

You think they flip the switch and now they're high efficiency at this process?

Justin Draeger:

I don't know. It is almost May. Jon, where are we for funding for next year and where do you think we're going to land for funding for '25/'26?

Jonathan Fansmith:

Well, we're nowhere for next year, really. In fact, in the House, they just elected a new chair of the Appropriations Committee, Tom Cole, who actually used to be the either ranking or chair of the Labor Health and Human Services Education Committee. So in some ways, actually for the education world, a really pretty passionate advocate in a lot of ways from the Republican side of the aisle for a lot of student aid programs.

Justin Draeger:

Pretty friendly on student aid programs. He's been a speaker at Student Aid Alliance meetings and whatnot.

Jonathan Fansmith:

No, he's a real advocate. He's a champion, especially the TRIO program is something that he's been a really pretty fierce advocate for. A, a good person generally, just really well-liked among his colleagues, but also somebody who knows our issues and cares about them, so a good person be sitting atop that committee. That said, he's coming in, like I said, they just wrapped up FY24 not long ago. We are very

much early stages. Requests are coming in. This is a process a lot of people maybe at the institutional level are familiar with, where you put forward requests for funding levels, broadly programmatic AC does in collaboration with NASFFA around student aid and other things a lot of organizations do around research or other priorities. But then the community-funded projects, these are the things used to be called earmarks, that process is going to be underway. One of the things Chairman Cole is putting forward is new rules for doing that, so we'll wait and see what those rules look like.

Those are actually really impactful for colleges and universities as a group. Campuses get more earmarks and they get more money from those than really any other sector of where those are directed to. Lots of reasons for that, but that's traditionally always been the case and was true the last go-round. What to look forward to? Well, you got a lot of time to look forward to it. We are in a presidential election year. Even if they weren't moving at a glacial process generally, historically what Congress does in these election years is they say, "We're going to punt, give a continuing resolution, extend the deadline into the following year," usually February March to either let a returning administration come in and reassert their priorities, see how the Congress sorts out. Who's in charge, what the majorities are, what their priorities are, or especially if there's a new administration, give them time to build a budget, identify their priorities, put that forward.

So realistically, I don't think we're going to see any real serious substantive discussion about appropriations until early in the new year. You'll have conversations between the committees. You'll have different alignment around programs. It's certainly very important right now to be saying, "If you have a stake in this, and certainly our institutions do, where your priorities are, what the funding needs of different programs are, how that impacts your campus." It's a non-stop process of making that case. It never really stops just because Congress isn't doing the work on it. But in terms of actual substantive action, we got a while ago,

Justin Draeger:

Secretary Cardona was up in the House, as you pointed out earlier, making the case for the president's budget proposal. Mostly talked about policy like FAFSA, a little bit on debt relief. He'll be before the Senate and not too long, probably in a few weeks. Do you suspect more of the same, answering FAFSA questions, debt relief questions?

Jonathan Fansmith:

Yeah. I think certainly there will be a lot of FAFSA questions, that's just inescapable, but the majority of what his testimony or at least his response to questions will be about. There are some other things, certainly funding for the Office of Civil Rights. The Department of Education secretary tried to make this point with the attention around the handling of anti-Semitism on college campuses. Office of Civil Rights is the federal office at Ed that does the investigations into campuses for that, and their funding has not grown with the rise in caseload they'd have, so I think they'll be talking about that. The Trans-athlete and Title IX guidance, those are things that came up in his hearing before the House, certainly will come up in the Senate. Really not that much about the actual funding.

And the big one, of course, it all comes back to FAFSA. How much does FSA get as an increase? What does that money look like? So far, we've seen a lot of resistance on the House side, at least, to giving more money to FSA in some ways because the department was very public about saying they hadn't received sufficient support from Congress to meet the goals, and I think that was seen as in many ways a challenge to whether they were managing the process appropriately by congressional Republicans. So who knows going forward, but they have a big request in. I think it's what, \$400 million? Karen, do you know the number?

Karen McCarthy:

I don't know the number off the top of my head.

Jonathan Fansmith:

It's a big increase for FSA anyway, and they'll be pushing for that. In part, their argument will be to make this process go more smoothly to meet the needs and demands that we've already demonstrated out there. Will they be successful? That seems less likely.

Justin Draeger:

All right. Thanks, Jon, very much for coming back on the show. Karen, always appreciate the FAFSA updates. Maria, thank you to you for recording and producing this week. Thank you to all our listeners, thanks for hanging in there. And to all of our financial aid friends, colleagues, and allies, thank you for all you're doing to help students this year especially. Remember to subscribe, remember to tell a friend, that's how other people find the podcast, and leave a rating if you have a chance, and we will talk to you all again very soon.