

NASFAA's "Off the Cuff" Podcast – Episode 293 Transcript

OTC Inside The Beltway: Unpacking the FAFSA Tax Data Issues

Justin Draeger:

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

Karen McCarthy:

I'm Karen McCarthy from NASFAA's policy team.

Tim Maggio:

And I'm Tim Maggio, Community Manager and that guy from Slack.

Justin Draeger:

Tim, I feel like you've been trying to give yourself a new title for a couple of weeks now. Are people latching on this with the guy from Slack part?

Tim Maggio:

I think so. I actually have a T-shirt that says it on the back too that I wear to conferences, and I've gotten a few laughs out of it, so it's been a lot of fun. Yeah, you'll get to see it in Portland next week, Karen.

Karen McCarthy:

Yeah.

Justin Draeger:

Oh, you two are headed off to WASFAA,

Karen McCarthy:

Yes.

Justin Draeger:

... out in Portland, Oregon. Great. I love Portland. I have some friends out there, besides friends in the financial aid community, so have a great time.

Karen McCarthy:

The only thing that bummed me out a little bit is that we will completely miss the eclipse.

Justin Draeger:

Yeah. Because otherwise you'd be with the other 36 million people all traveling to this small sliver where all the AirBnBs are sold out and all the hotels are sold out.

Karen McCarthy:

Yeah. Yeah.

Justin Draeger:

Somehow, I doubt this, but if you want to believe that, you want us to believe that, Karen, then I'll-

Karen McCarthy:

It might be cool. It might be cool right where we are, Justin. Yeah.

Justin Draeger:

I saw a graphic yesterday in DC. If you're anywhere in the vicinity, this is all they're talking about, all the meteorologists are talking about it nonstop, which I think gives you some sense of how boring meteorological science is, but the weather people are going bananas, and they gave us a graphic of like, in totality it'll look like this, which I think for five minutes sounds awesome. And my family and I were thinking about it. We had a hotel booked, but it's too nuts. Whatever. We're not going to go. But in DC, we're going to have like 86% or something like that, and they showed a graphic. It's basically daylight. So I don't think it's going to be anything here. But people are losing their minds. Yeah.

Our building's having a party. Did you guys see that memo or no?

Karen McCarthy:

No.

Justin Draeger:

I don't think we send it to [inaudible 00:01:57]. So I think there are four people in DC who are getting these memos from the building. But they're having a party, it's going to be from 2:00 PM to 6:00 PM.

Tim Maggio:

Wow.

Justin Draeger:

I don't know. Tim, maybe you want to come in from Leesburg for this.

Tim Maggio:

I'll be in Portland then.

Justin Draeger:

Oh, that's right. I just feign interest in what you're saying, but yeah. Okay.

Tim Maggio:

Same. Same to you.

Justin Draeger:

Yeah. Okay. Same to you. All right.

Karen McCarthy:

Harsh.

Justin Draeger:

Let's get into the pocket. Tim, what I did want to say to you when you joined today though was we're going to go through a lot today, including about where we are. 12:00 PM, we are recording this. Maria, thank you very much for producing and editing this week. Good to see you. We have a lot to go through, but I haven't had time. It's been so busy. I haven't had time to go into the communities. And you, Tim, are sort of our... I was thinking about this as I was prepping. You're sort of our, I think emotional emissary, maybe?

Karen McCarthy:

Yes, yes. He is. That's good. Emotional emissary.

Justin Draeger:

Yeah, right.

Tim Maggio:

Our CFO, or chief feelings officer. I've been thinking about this.

Justin Draeger:

Or I was thinking like CSO, like our chief sentiment officer.

Tim Maggio:

Oh, yeah. Yeah. Yeah.

Justin Draeger:

And anyway, I'm sort of afraid to go into our communities,

Tim Maggio:

You should be.

Justin Draeger:

... because... Okay, because it's like I have to imagine it's just been a meltdown for a week straight.

Tim Maggio:

Yeah. People this morning are reporting that all of the anxiety and stress is actually starting to make them physically ill.

Justin Draeger:

Which I sense. I'm wound very tightly about all this as well. And we're going to walk through some of what's been happening not only publicly but behind the scenes, because we've been very active in working with the department on all of these things. The other thing I want to mention is that this podcast is called "Off the Cuff." And despite the fact that Karen gets very dressed up for these podcasts

now because she knows they're on Instagram. Karen, I've been in six meetings with you in the last three hours.

Karen McCarthy:

You're not wearing your hard hoodie right now either.

Justin Draeger:

Well that's because I can't be outdone because you always get dressed up for these since you found out the comms team puts them on social media. I'm just saying that over the years, people have always tried to change this podcast into like, "Hey, you should be more professional. These should be like webinars. You should have better music. Don't talk at the beginning." All this stuff. And I'm just saying, I always go back to like, I'm from Toledo, Ohio. You can take the kid out of Toledo, you can't take the Toledo out of the kid. And it's not going to change. This is our podcast, and it's called "Off the Cuff" because we don't have the time to produce a webinar every week. So this podcast started by a few of us basically publishing what was at the time the policy team getting together and literally deconstructing what was going on week to week in DC. So, Karen, how much time did you put into this podcast this week? Preparing for it? Honestly.

Karen McCarthy:

Honestly?

Justin Draeger:

Yeah, honestly.

Karen McCarthy:

I can't answer. I can't answer because I did do read through all of the announcements, not specifically for the podcast, but just to be able to... What are our questions? To do the general work. But I didn't-

Justin Draeger:

So you just-

Karen McCarthy:

... I didn't-

Justin Draeger:

You brought-

Karen McCarthy:

... do anything specific for this podcast, really. Just like kind of-

Justin Draeger:

You showed up.

Karen McCarthy:

We'll talk about that. We'll talk about that. Yeah.

Justin Draeger:

You showed up.

Karen McCarthy:

Yeah.

Justin Draeger:

Right.

Karen McCarthy:

Okay. And Tim, you kind of, I assume, did some prep work, but let's say it's not the same amount of work you would do for a session at a conference or a webinar.

Tim Maggio:

Yeah, definitely not the same.

Justin Draeger:

Tim sold that. So my point is that we know that the podcast is being quoted in the press and whatnot, but I just want to point out that it is off the cuff. We are showing up and trying to provide primarily our NASFAA members, which are institutional financial aid offices across the country, they serve nine out of ten students, with as much as we can real-time information about what's happening and our observations about how this will impact them and their students on campus. So that's what we're going to try to continue to do today, and we'll do a little bit of a retrospective, but really what's going on today and then some of the contingency planning that would stem out of the latest announcements at 12:00 PM on Thursday. Because I think, Karen, we have a blog post from this morning. There could be another electronic announcement.

I think the blog post promised another electronic announcement. And we have some questions that may or may not be answered within that EA, and I think we are dealing right now with the Department of Education has, in my opinion, a crisis of credibility. And I don't know, and the aid community, Tim, may be... I'm afraid to go into the communities right now, but I think they might be expressing besides all of this angst sort of what's the next shoe to drop? Is there another data integrity issue that's going to come out? What's the next ISIR or information record issue that's going to come out that's going to prevent me from getting aid offers out? So let's get into that.

So let's pick up last Friday briefly and catch us up to today. So Friday, Karen, the department did acknowledge what most in the financial aid community had already seen, which was there were data integrity issues and the ISIRs that they had received. Catch us up briefly on what those data integrity issues were and how many students it impacted.

Karen McCarthy:

Yeah, so, yeah, the first announcement was Friday. There had been lots of... I would call them rumblings within our community. People had been reporting issues to the department that they had seen. I was calling them anomalies. We didn't know are they problems, are they not problems, what are they? And the department was apparently supposedly researching those issues, but we hadn't seen anything. So

are these ISIRs good to go or are they not? That was everybody's question. There was a suspicion based on multiple people seeing the same issue that there were some issues, and why hasn't the department said anything? So what they did on Friday is they acknowledged that they had received reports of issues and that they were looking into them, and if there were any problems that were officially acknowledged as problems that they would shortly be communicating with the community about what those were.

Justin Draeger:

Okay. Now I'm going to say to the department's credit here, this is a break from what we've seen from the department in the past, because they hadn't fully explored the issues, and they did acknowledge them. They did say, "Okay, there are issues." And of course the aid community rightfully wants to say, "What's the extent of the issues? How big are the issues? Who are the issues exactly?" The department then needed just a little bit of time to actually figure all of that out. And so then we get through the weekend, and then the department comes out with more information detailing what these issues are. So can you give us a quick summary of what those issues were?

Karen McCarthy:

Yeah. So there were a few issues related to the IRS direct data sharing, and basically where information was coming over from the data sharing that was not what people expected to see coming over, one related to education tax credits. They did say that what has been fixed as of March 30th, when the announcement came out, I believe. So any future FAFSAs, all of that will be correct education tax credit info. There is also an issue with amended returns where some of the tax fields that were coming over were from the amended tax return, and some of them were from the original tax return. So it was kind of pulling-

Justin Draeger:

Data mismatch.

Karen McCarthy:

Yes. So that issue is still outstanding because the Department of Ed is working on the solution to that with the IRS. So that one, and they did say that in the announcement, we have identified the issue, it is not yet fixed. And then there was also an issue regarding manual entry, when somebody is manually entering their tax income information rather than the information coming from the IRS. And we won't get into all the scenarios when that might happen, but some people are required to manually enter that. And the instructions that they were given related to taxes paid were referring the people to report line items from their tax return and what was actually coming over from the IRS through the taxes paid field in the DDX is a different line item on the tax return. So the instructions were not matching what's otherwise coming over from the IRS. So that was kind of a mismatch there as well.

Justin Draeger:

All right. Let me turn to Tim now. Tim, what was the general reaction from our communities and our membership, and do you have any specific quotes that sort of highlight that?

Tim Maggio:

Yeah. So when a lot of this news has been coming out, I think that folks did acknowledge that the department has taken that kind of change in direction with their communication being proactive. But I think, quickly, people were also chiming in saying the bar's pretty low. And I think folks patience has left

the building and I don't know when it's coming back, and I think people are just overwhelmed and confused. They've just kind of said when some of the new blogs or things have come up, they said "Just one more thing to track. I don't even know where to go anymore." And there's just a lot of confusion, and I think last time I was on here I was talked that they were so angry, but they were exhausted so they couldn't use it. They're at a point where they've caught that second wind, and they're angry.

Justin Draeger:

Any particular quotes stand out from the community, Tim, that encapsulate the feelings over in our communities?

Tim Maggio:

One person wrote, "I can't even type into Slack how angry I am right now about all of this." And another person wrote, "At this point in the nicest way possible, I'm ready for somebody to lose their job over this mess."

Justin Draeger:

I think sort of a strong cry for some accountability in some way. Let's set those aside for just a moment. Karen, did the department indicate what percentage? Because they cleared the backlog at the end of March. So all of the ISIRs that had been building up, all of the FAFSA applicant data had been cleared out of the department's backlog, had gone to institutions. So what percentage were plagued by these calculation errors?

Karen McCarthy:

Yeah. In the announcement, they chose to kind of spin it from the positive side, and what they said was 80% of processed ISIRs were not affected by any issue.

Justin Draeger:

I want to try to be fair here. On the fair side, I would say folks may not realize the Department of Education, how many layers of security are on top of taxpayer data. So our colleagues at the Department of Education also can't readily see the DDX taxpayer info that's going from the IRS to the FAFSA and passed along to institutions.

Karen McCarthy:

It's certainly not the decision makers policy folks who we're working with. They're kind of like us, the NASFAA staff. They can't see what schools are seeing in any way, easily.

Justin Draeger:

Right. And they had said, if you go back into March, you'll recall part of this was remember they were going to ramp up the ISIRs, the ISIR flow so that errors could be found. Now, this is the other thing I will say about the department. If we weren't in April, if we weren't in April, then I don't think this would all be such a bad-

Karen McCarthy:

Disaster, yeah.

Justin Draeger:

... disaster. Right. Because this would sort of be expected. You would sort of have an ISIR rollout and you would expect to see with an entirely new federal methodology and an entirely new FAFSA and an entirely new DDX pull these errors, and then you would say, "Oh, there's a reprocessing that's going to happen." In fact, even with the old FAFSA, there were occasional populations of students where there were reprocessing. That happened almost every year. Never made a headline, because the runway was so long.

People don't realize this, unless you're a financial aid administrator, that reprocessing is not unheard of. It is April, it is a huge deal, and everything is now amplified to the power of a thousand. So it is a big deal, and now here's where I'll ding the department. The political spin amplifies the crisis of credibility. I don't know who's drafting the communications, but I don't think it wins any press battles. I don't think it wins any political points. But telling schools, "Hey, great news, 80% of your applications are correct. We can't tell you which ones." I don't think this helps. I don't think it helps. And we've delivered this message, obviously I don't know that it's helping, but what the department has heard is acknowledging faster does help with credibility. So they have gotten that word out, but the spin doesn't help up front. So let's-

Karen McCarthy:

Yeah, and it does seem that, and I think this is probably all related to how political this issue has gotten and how many... The secretary's office is now involved and interested in this. So I can imagine that some of those folks want to be involved in the messaging, and that may extend to electronic announcements, which I was just thinking this morning that in the past, if you all remember, we had Dear colleague letters were kind of the heavy announcements that had to go through all of the approvals that the department, so it took longer for them to issue. And EAs were these short little, just much more operational, they could crank those out much faster because it didn't have to go through all of those steps. And when you look at these latest EAs, what I have heard, and I do agree that you almost have... It just raises, you have 15 questions upon reading this one EA. They're just not as clear and to the point-

Justin Draeger:

Well, it's pretty-

Karen McCarthy:

... and understandable.

Justin Draeger:

Yeah, Karen.

Karen McCarthy:

Yeah. And which makes me wonder.

Justin Draeger:

It's pretty clear when you're reading an EA, it's pretty clear this was not written by an operations person.

Karen McCarthy:

Right. So then that just frustrates people further. There's already these issues, and now you're not even telling me what you're doing to fix it or answering all the questions that I would naturally have.

Justin Draeger:

All right. So one other place I want to ding the department here is that... So let's do the reverse math, which is not hard to do. So 20% then, 20% were not correct, and so that's one out of five. But the other thing that goes unmentioned here is all of the ISIRs that schools have that don't have any SAI calculated because they're-

Karen McCarthy:

They're rejected.

Justin Draeger:

... rejected, which means they're missing a signature, there's some error, and those errors can't be corrected until we have corrections come online. Student corrections are first, scheduled for the first half of April. As of today at 12 o'clock, that's not a functionality that exists. And so when you add all that up, we're really talking about probably 40%.

Karen McCarthy:

Yeah, schools have reported about 20% of a reject rate. That is correct.

Justin Draeger:

We're not trying to be hyperbolic here, but that's four out of ten or two out of five.

Karen McCarthy:

And there's no overlap, because if your FAFSA has been rejected, they're not pinging against the IRS, so the education tax credits isn't an issue for you, there's no amended tax return. So it's not like, well, some of those are counted in both categories. They're separate.

Justin Draeger:

Right. So I almost feel like, if we had the time, that we would be writing competing electronic announcements, and it would sort of be like 80... It wouldn't be 80% of ISIRs are good to go package. It would be four out of ten or two out of five ISIRs are dead in the water, and half of those, we can't even tell you which ones they are. So that brings us up to this week, Karen, and the department came out early this week and said that they were going to in fact reprocess, and then the second thing they said was they were going to try to generate lists that would indicate which ones were not correct and which ones were correct so schools could move forward. Let's get to the reprocessing for a second. Because this, again, we're living in the past here, so I don't want to spend a ton of time here. I want to focus on the future. But the original reprocessing plan was what, in a nutshell?

Karen McCarthy:

Their original plan in a nutshell was that they were going to reprocess, but only if the reprocessing was to the benefit of the student. So meaning that the student aid index, after they reprocessed, would go down, and for all other changes where the reprocessing would not be to the benefit of the student, they

were going to leave that up to the institution to decide if they wanted to reprocess. And then they said "We will release further details on how you can request that reprocessing if you choose to do so."

Justin Draeger:

Okay. Tim, what was the reaction to the department's plan?

Tim Maggio:

To the original plan?

Justin Draeger:

Yeah.

Tim Maggio:

Yeah, they were not happy about it. A lot of it was like how do I go ahead and process all of this aid when I'm supposed to uphold the integrity of a Title IV aid program knowing that this data is wrong? There were a lot of moral and ethical issues that our members were discussing and thinking about and it just did not sit well with a lot of people that's like, "Yeah, go ahead and award on this incorrect data."

I also want to just say this crisis of credibility, I think the schools are feeling like they're hitting the crosshairs of this. The department's mess has become their mess, and they're getting hit from all different sides, and they're exhausted from that because their colleagues want them to do stuff, the students want them to do stuff, and they don't know what they can do with that data, and they don't feel like that data is credible. How do they feel credible with their constituents? It just keeps going and going. And a number of members, especially those who are at smaller schools, they say, "I don't have the resources to mess up. I don't have \$5,000 that I can give somebody if I promise them a Pell grant, and then say, 'Oops, sorry, I don't have this anymore.'"

Justin Draeger:

Yeah. Thanks, Tim. I heard a lot about the ethical or equity issues that come down between processing or reprocessing and only doing some with people that go down and some SAIs that would be reprocessed and might go up. The kind of-

Karen McCarthy:

I saw one bit of feedback. I might have gotten this via email, I don't think I saw this in the communities, where people felt that the Department of Ed maybe being a little bit hypocritical in that they were making decisions to only reprocess where it benefits the student, and because they didn't want to be the decision makers in taking away aid from anybody. And there was somebody who said, "Well, that's nice, but over here in the aid office, that's the dirty work that we do every day of the week. You make us verify down to the penny, and we're taking back dollars from students, individual dollars." So they felt like the standard was different between what the department was doing versus what is typical and a daily task, although not desirable, that aid offices are dealing with on a regular basis.

Tim Maggio:

Well, the other question that also has kind of started to come up is say I'm a student and I send my FAFSA to two different schools. School A decides to award on one ISIR and school B decides to award on

another ISIR. It kind of puts you in a situation where you're like, "Do I become more competitive and I always award on the better awarding ISIR or do I go with the correct data?"

Justin Draeger:

Yeah. Besides the budgetary impacts on schools, that also has budgetary downstream impacts on states or other need-based providers like scholarship providers or community scholarship providers. There's also inconsistencies in award years. Like, "Oh, somebody gets a Pell grant this year, but next year when it's calculated-

Karen McCarthy:

Correct.

Justin Draeger:

... correctly, you didn't get one." Why? Nothing changed. Well, the formula changed. It was actually calculated correctly next year. There's also the way that the department was going to do this was a PJ originally, and it's not a PJ.

Karen McCarthy:

Yeah. I did have one reporter reached out and said, I saw this announcement. Can you explain to me how PJ works? And I said, "I can certainly explain to you how PJ works, but then I can explain to you what this is doing. I was like, there's capital upper-case PJ, which is real PJ, and then there's the lower-case PJ, which is what they're saying in this announcement. And yeah.

Justin Draeger:

Also we have hundreds if not thousands of pages of guidance on... NASFAA does, on how to do PJ and training on PJ, and none of it would be this. So-

Karen McCarthy:

Yeah, it almost kind of warmed my heart that all of our members were like, "This isn't PJ. We know how to do PJ."

Justin Draeger:

You were the teacher at the end of a movie who was like, "My work here is done."

Tim Maggio:

Well, and our community also is kind of like, "Okay, before we got the news about the reprocessing," they're like, "how do we band together to just all collectively flag everything as a PJ?"

Justin Draeger:

Everything's a PJ now. All right. So ultimately, I don't think I heard from a single institution who liked this plan, and I think it came down to one of those arguments we just talked about. Ultimately, schools like the idea of reprocessing if it can be done timely, and that last part is pretty key. I mean it's the timely piece. Again, timing. And I just still want to point out the department, that we're not operating on different objectives or goals here, ultimately. Clearly, the department, no matter how it's sometimes awkwardly communicated, like leadership at the department telling schools something they don't

already know, which is like, "Hey, you should get your aid offers out," we have the same goal, which is get aid offers out to students. I sincerely believe we all have the same goal here, but the question is how quickly can it be processed? So catching us up to today, Karen, where are we? What's the latest as of 12 o'clock roughly on Thursday? What's the announcement out of the department?

Karen McCarthy:

Yes. So where we are right now? Yeah, I feel like, Justin, you're putting that time stamp throughout this whole podcast. As of 12:33 PM, this is what we know. This morning in that new blog that they have announced, the daily blog, Richard Cordray said that they had revisited their plan based on feedback that they had received. And to be fair, it was from institutions, states had feedback as you mentioned, the software providers, and kind of in a rare occasion, everybody was on the same page in terms of the please reprocess all of them timely please. And so they did make the decision to backtrack. They will be reprocessing all impacted ISIRs. And to the timing question, the wording that they used is we expect to begin this reprocessing in the first half of April, which is similar wording to what we have seen for some other things along the way.

Justin Draeger:

Yeah, And I think that's fantastic news. And I just want to say, from the NASFAA side, we released a statement about all of these data inconsistencies on Monday. Maria, do you have that statement handy?

Maria Carrasco:

I do. Let me give it a read. The rollout of the new FAFSA has been plagued by issues of broken trust, data integrity, and missed deadlines. We note that the department quickly acknowledged and investigated these data mismatch issues when they were identified by the financial aid community, but we must empathetically reiterate that every day matters, and with hundreds of thousands of FAFSAs needing to be reprocessed, even more delays for students are coming. Continually taking two steps forwards and one giant step back is not a sustainable pathway towards getting financial aid offers out to students and families.

Justin Draeger:

Okay. Thank you, Maria. We made that statement on Monday. We definitely were in touch with the NASFAA board of directors. We're in touch with, Karen, the NASFAA's FAFSA working group. And then I think it's fair to say, Karen, I think if members were looking for NASFAA to continue to make public statement after public statement this last week, they may have been slightly disappointed. But part of that is because NASFAA's constantly assessing, in terms of strategy, how we can be most constructive in moving the ball forward. Sometimes that's constructive in shining a light on an issue. So we issue a public statement so that the press will understand, we'll be able to decipher what's actually going on. So if the department says, "Great news, 80% of the ISIRs are correct," we can say, "Here's another way to look at it."

And sometimes, the most constructive way we can get at an issue is to try to, behind the scenes, talk to colleagues at the department. This is an area where I do want to give credit to the department, they have continued to have conversations with us offline throughout all of this, even when we've had to take tough positions on some of their decisions or some of the delays. And they have never shut off the lines of communication with us at any point. And that's not easy to do because I have had previous

administrations where we've had to say things publicly and they just took the ball and went home and refused to engage. That has not happened at any time.

And this week, we've had daily conversations with Department of Ed colleagues and leadership, and they heard, and they reversed course, and they will be reprocessing. So even if we're not making public statements, I think it's important for folks to know we are engaging with NASFAA members, we're getting feedback, we're working with Department of Ed colleagues. We just have to choose different strategies. So we're obviously here working for you, and a big hats off to the entire NASFAA team, and Karen, your team, and everybody who's working on this issue. Now, Karen couple questions. So they're going to reprocess. They said that they'll do it in the first half of April.

Karen McCarthy:

Yeah, yeah. So, immediately, we looked at that exact wording about the timing, because as Tim said, everybody is so amped up and waiting for the next shoe to drop. It says, "we expect." It doesn't say "we will." I understand that everybody has all of those questions. So we have already asked, we need more details pronto on that exact timing. I did see something that made me chuckle yesterday, which kind of summarizes, I think, the sentiment, is that I know, and they did say that they plan to release another EA that will give more details about the reprocessing all and all of that, that somebody mentioned yesterday that they were pre-annoyed before reading this. So that's kind of the state of mind. They're just expecting the worst whenever they... "What is not going to be right in here that I am going to be mad about?" So that's one of the things that I know that people are very interested in on the reprocessing in terms of the decision-making that they have to do going forward, and that that timing is a key player in terms of the decision-making.

Justin Draeger:

Okay. They're also publishing a list. That list is still going to be published, of the correct ISIRs, and I don't fully understand what this list is going to be just yet, but as I understand it, these unique identifiers will say these are the correct ISIRs and these are the incorrect ISIRs, or schools will be able to use this list in some way to decipher that. Now, again, I can't speak to the resources on the school side to be able to do something useful with this list, but they are still publishing this list, correct?

Karen McCarthy:

They are, and schools should be able to access those. I believe they're getting the second piece to that today, if not already today. Also, there was some feedback provided to the department about the utility of the list as they plan to release it. So my understanding is that they are also revisiting that to see if there's anything that they can do there to make the list a little bit more user-friendly on the school side, the software provider side, all of that, states, so that they're better able to use the list, how intended.

Justin Draeger:

Right. Okay. So the recap, the reprocessing will be for all of the impacted ISIRs that they announced last Friday. So SAI goes up, SAI goes down, they'll all be reprocessed. They are publishing a list. So schools, if they want to use the list, they can use the list to go out with aid offers immediately for the ISIRs that are correct. If they want, they can wait, because the department said it'll be the first half of April, so it's April 4th. That should be in the next 10 days. If it was going to be four or five weeks from now, I could see why that list would be even more vital for schools. But I also understand why some schools might, at this point, choose to just wait it out if the reprocessing is going to happen in the next week or so.

Karen McCarthy:

Yes. They did also announce that institutions will be able to choose whether they can go out. Obviously, anybody can do aid offers for someone who's completely unimpacted by anything, and that's a good use of the list if you want to do that. They did say that even for the impacted ISIRs, schools still have the option to go out with an aid offer now. So they can use the current ISIR, which is incorrect in some way. It could be up or down in terms of the SAI, and they can choose to just move ahead with the current ISIR if they want to. Or they can wait for the reprocessed and construct their aid offers based on the reprocessed ISIR.

Justin Draeger:

So if I'm a school and I choose to go out today and then I get a reprocessed ISIR later with a new SAI, at that point, I don't have to repackage?

Karen McCarthy:

Yeah, that's our understanding, and we hope that that is clearly delineated when they do release that EA.

Justin Draeger:

Okay, so we'll need to confirm that and that'll be in a NASFAA Today's news article. What if a school later on gets something that shows that one of those data elements is incorrect, like a tax return? That would be conflicting information in a normal year. Would that be conflicting information that has to be resolved this year?

Karen McCarthy:

We don't know that yet for sure. I did ask the general question about, boy, I'm thinking down the line, audits, and you awarded based on this ISIR, but then there's this other ISIR that has a later date, which typically would be the correct ISIR to award on. And so what are you doing here, aid office? And our understanding is that the department will be offering grace and flexibilities in terms of all of that. I think they do not yet have that sorted out, but they have definitely... They brought that up proactively in one of my conversations with them, that they understood that this was an issue that they needed to kind of work through that.

Justin Draeger:

It sounds like you're leaning towards yes, but we don't have all the details worked out.

Karen McCarthy:

Right, right.

Justin Draeger:

Okay. The other question I have is the reprocessing, Karen. Is that for all impacted ISIRs they identified last Friday, or the large bulk of them? Because remember, there were multiple issues, but the largest was the education tax credits. That was the largest bulk of all of the issues. The education tax credits were estimated, not the actual being paid. Are they doing all of them, or is it just that big bucket?

Karen McCarthy:

We don't know yet. We haven't seen the EA. I don't know if all the details will be in today's EA. We seem to be getting EAs on a daily basis, and then they're updated in the same day. So I expect we'll receive more information. I have no idea how they're going to do the reprocessing. He just said they will be reprocessing all impacted ISIRs. I don't know if they'll be doing all the ones for whom the SAI goes up at the same time and then that it goes down, or if they will be doing issue by issue. Our understanding is, though, that they would not need to redo the database matches. And if you recall from previous podcasts, the database matches were really kind of one of the things that contributed to the backlog, and why it took them so long.

Justin Draeger:

That was the choke point in getting all the ISIRs through, processed.

Karen McCarthy:

Yes, and they do not need to redo all of those database matches. So the reprocessing should not drag out for a week, 10 days. I know everybody immediately is like, "How long is it going to take them to do that?"

Justin Draeger:

Well, if it's 15% of six and a half million, we're talking about just under a million. So, what? This could take two days?

Karen McCarthy:

I would think that. Nobody has committed to anything, I haven't heard anything, but based on they don't have to redo database matches, it seems like it could be completed in a few weeks.

Justin Draeger:

Quick, Tim, go tell the community that it'll take two days per Karen.

Karen McCarthy:

And I said so. Yeah. No, don't. Please don't.

Tim Maggio:

I've been live streaming this whole time.

Justin Draeger:

All right. So it does feel like there's a little bit of light here. If this truly can be done in the next week-and-a-half, reprocessing for all, schools have maximum flexibility, no liability for conflicting info, that means they could choose to go out right now with what they have. They could choose then to follow up with updates for students that are impacted. Or they could choose to wait. They'll also have this list if they want, and have the resources to go through this list and go out with the students that are not impacted. They can do that. I have to say, this sounds like making the best of a worst situation.

Karen McCarthy:

Yeah, I mean-

Justin Draeger:

Karen, Karen, rain on my parade.

Karen McCarthy:

I know, I know. There are a lot of questions about this institutional choice.

Justin Draeger:

I'm just looking for any rainbows. Come on.

Karen McCarthy:

Yeah, no, I was also like, "Okay, this might not be as bad as it could possibly be," but-

Justin Draeger:

It's bad. It's bad, but...

Karen McCarthy:

But can you believe that you're even like "There's a little bit of light," and it's April 4th.

Justin Draeger:

No. Okay, yeah.

Karen McCarthy:

Like in December,

Justin Draeger:

There you go.

Karen McCarthy:

... if you knew we were going to be here on April 4th, you'd say that is a disaster.

Justin Draeger:

It's a disaster.

Karen McCarthy:

Yeah.

Justin Draeger:

Okay. Thank you for bringing us back.

Karen McCarthy:

Yes. I hope that we get a lot more detail about the institutional choice, so people understand the ramifications when they're deciding. I don't want people to make choices and then find out later, "Oh, I didn't know that was going to happen."

Justin Draeger:

All right. Tim, final thoughts from the community?

Tim Maggio:

So this is where maybe I'll bring some rainbows in, and it's maybe not about what's going on from Ed and FSA, but I think in times of crisis, the one rainbow or light that I can kind of see is that our community has really come together over the last few weeks to kind of troubleshoot these problems together. We've seen a lot of people just kind of say as much of a mess as this is, I'm glad to be in a space where I can kind of talk with it about... Talk about it with other people who get it, and we've seen a lot of that, and we, just yesterday, just a lot of fun that we had. And did you know that our community is now considered underground chatter according to The Chronicle, and they've really latched onto that. They even made stickers and T-shirts.

Justin Draeger:

Oh really? No, I didn't know that. I didn't know any of this.

Tim Maggio:

Yeah, they're going wild. But we're having a lot of fun as a community too. So I do have to say, as much of this gives us all a lot of heartburn, I think it's been really nice to just see our community have each other's back as much as possible while we're trying to get through all of this.

Justin Draeger:

Yeah. Well, I think that's important, particularly, we know this will have real impacts obviously on students, and real impacts on schools, and I think a lot of that story will be told. Next week, in particular, we know that there are two things happening on Capitol Hill. One is Secretary Cardona will be up at the house defending the administration's budget. So he'll be making these case before appropriators in the house of Representatives asking for budget appropriation. I can't imagine that FAFSA will not come up when the secretary is on Capitol Hill.

Separate from that, the House Education and the Workforce Subcommittee on Higher Education will be having a hearing, basically an oversight hearing, specifically on the FAFSA. And just to give you a sense of what that hearing will be like, I think the name of the hearing is FAFSA Fail, Examining the Impact on Students, Families and Schools. And the witnesses haven't been released yet, but the real impacts that this will have on students, I suspect from both Republican and Democratic witnesses, I think will be laid bare at that hearing, and accountability will be an important part of this.

All right. Hey, everybody. Welcome back to "Off the Cuff." This is a little appendage to our earlier. It is now 4:46 PM. Karen is definitely dressed down at this point, in athleisure.

Karen McCarthy:

You are as well.

Justin Draeger:

Well, I was about to walk out the door for a run.

Karen McCarthy:

Yeah.

Justin Draeger:

And I think you were too. And Tim, you're wearing the same thing. Now, okay, we're all covered. If you already listened to this episode, if you were on the cutting edge, Maria did post this to Spotify briefly, we pulled it back down because the department did post their electronic announcement. And I think the part we want to focus in on here is we do have one answered question. There's a discrepancy between the blog post this morning and the electronic announcement, and it is material. Because we were speaking in hypotheticals earlier in the podcast, but this one is the blog post this morning said schools can choose which ISIRs to use when providing financial aid offers, and we encourage schools that choose to move forward with the original ISIR to start packaging aid offers as quickly as possible.

I don't know if they're going to change language on that, but I'm just going to point out that's what the blog post said. And the EA today says schools and states will have the ability to use their judgment to rely on the original ISIR sent, not the reprocessed record, if the original ISIR results in greater financial aid eligibility for students. In other words, if the reprocessed ISIR has a lower SAI, they will be required to use the reprocessed ISIR. If the reprocessed ISIR has a higher SAI, they will not be required to use the reprocessed ISIR. That's how I read that electronic announcement. Karen, is that how you read it?

Karen McCarthy:

Yes, I do read it that way.

Justin Draeger:

Okay.

Karen McCarthy:

Agree.

Justin Draeger:

So I know the department's going to be doing more trainings on this and this will be obviously an open question for them, and I expect that we'll have more guidance from the department, but that is a difference, and it is one that we confirmed with the Department of Education before recording this as an additional piece. Going back to the list for just a moment, I do think this makes the lists, if you want to use them, that much more important, because the lists are what give you a head start. If you want to go out packaging, and only package the good ISIRs that you have, "the good ones," the ones that won't be reprocessed. And if you want to get started on packaging those students and leave off the ones that are "bad," meaning they're going to be reprocessed, that's what you would use those, you would download that list, match up the UUIDs and you would go forward.

Karen McCarthy:

And we did mention this in the earlier recording, but the department is exploring options related to the UUID list to release something that's a little bit more user-friendly.

Justin Draeger:

Yeah. In the electronic announcement, they also sort of put this teaser in there about they're exploring sending a more, I guess it's a more detailed list of impacted ISRs. And I think that sort of opens the door

that at some point they might have a list that's like these are the ISIRs that will... These are the ISIRs with SAIs that'll go up, and these are the ISIRs with SAIs that'll go down. Because the department, I think they've done that analysis, it's the reprocessing that's going to take time. So if they can publish that list and say, "These are these ISIRs that'll go up and these are the ISIRs that'll go down," then you could refine that even more on your end and decide which ones you want to go out with. Tim, you brought, as we were sort of preparing for this, you brought up a good point, which is another option a school might consider.

Tim Maggio:

So the question that comes to my mind when thinking about this is a kind of open season, like if people can just give out their aid offers and use the lower SAI, can they just send out all their award offers now, and then once reprocessing happens, it sounds like they can just always, for this year, just automatically use it at a lower SAI. So they wouldn't really be necessarily giving lower aid offers when that reprocessing happened, but they'd probably be giving people presence of more aid in the future. So maybe some schools might be considering that. I don't know that I'm suggesting it, but it's a question I have.

Justin Draeger:

You're saying just send out all your aid offers now because if you decide, you would only be reprocessing it's a gift to the student. You potentially could decide, well we're only going to do SAIs that go down, so that's actually more money. But you're at least giving them something for right now.

Tim Maggio:

That's how I'm reading the EA is that that option is available.

Justin Draeger:

Again, not a suggestion, and I'm sure there are reasons why some schools don't want to do that, but this makes the list more important. I guess, Karen, there might be one other thing we want to focus on here, which is the timing.

Karen McCarthy:

I was just going to say it also makes the timing a lot more significant. And so we'll be continuing to press Ed on more specific timing other than the first half of April in terms of the reprocessing.

Justin Draeger:

And I hate to be so precise, but I do feel like we need to be, because we are living in a time when a lot of these electronic announcements feel like they are, dare I say, this gets back to the credibility thing we talked about earlier, but they might be going through more of a political process than... like political messaging than operational messaging. But the department says in the EA, we expect to begin-

Karen McCarthy:

Begin.

Justin Draeger:

... reprocessing.

Karen McCarthy:

Yes.

Justin Draeger:

And begin reprocessing isn't the same as... It's sort of like the FAFSA will launch in December.

Karen McCarthy:

Yes, it's exactly like that. Or we'll begin sending you ISIRs in the first half of March.

Justin Draeger:

Right. So you can technically begin something and come nowhere close to actually finishing that until April. In the case of ISIRs or the fully functioning FAFSA is until most of the way through January, or if you're unfortunately an undocumented student or with parents without social security numbers, four months later or four-and-a-half months later. So all of that to say is we wanted to come back in and just sort of talk about that because the EA does make at least one big change from the blog post this morning that would be important for schools to really narrow in on.

Karen McCarthy:

And I think earlier I mentioned, I don't know, the podcast recording seems like days ago now, but I think I did say we have submitted some questions over to the department as to how it all works if you're awarding on a transaction one and ignoring a transaction two, and then what happens when transaction three comes in later? Some of those in-the-weeds questions that particularly our schools are asking who kind of see how all this is actually carried out. So I do expect that we'll have more information or get more answers from the department to help you make your decisions as we move forward.

Justin Draeger:

Yeah, and as we pointed out earlier, the department hasn't addressed conflicting information yet. They also haven't addressed really some of the concerns, and I don't know that they will address concerns that schools have about auditing timeframes.

Karen McCarthy:

Audits.

Justin Draeger:

Like how am I going to explain this to an auditor? Sometimes these auditors come in with very little information, and it's like, "Well you see between these months and this year, and..." It was sort of like anything goes. I just don't know if that's... How are you going to explain that to an auditor two years after the fact? I just...

Tim Maggio:

I think that's on a lot of people's mind. It's really top of mind right now, but is it going to be top of mind in two years?

Justin Draeger:

Yeah. All right. All right. Thanks, everybody. I think that actually concludes this podcast. Thanks, Maria for getting us back together, and we'll let this one go out, fingers crossed. We're going to let this one stand for today. Thanks, everybody, for tuning in, and this is our actual finish. Remember to subscribe, tell a friend, listen to us on your podcast app of choice and we'll talk to you again very soon.