

# NASFAA's "Off The Cuff" – Episode 95 Transcript

Justin Draeger: Hey, everyone. Welcome to another edition of "Off The Cuff." I'm Justin Draeger.

Allie Bidwell: I'm Allie Bidwell, one of our Today's News reporters.

Stephen Payne: I'm Stephen Payne, with NASFAA's policy team.

Megan Coval: I'm Megan Coval with NASFAA's policy team.

Justin Draeger: Welcome back to me. I wasn't able to be here last week.

Allie Bidwell: Welcome back to you.

Megan Coval: Welcome back to you.

Justin Draeger: Oh, thank you, Justin. You're welcome, Justin. Okay, I'm gonna ask you guys a question real quick to kick us off. Have you noticed anything different about me? It might be imperceptible, but over the last several weeks, anything different at all? Let's keep this professional, just solely focus on my physical appearance.

Megan Coval: Let's keep this professional.

Justin Draeger: Anything.

Allie Bidwell: There goes mine, do you still have the like invisible braces?

Justin Draeger: No. Those have been gone since June, thanks for noticing.

Megan Coval: I know what you're gonna say. I'm not gonna say it, I think you told me, and I'm no gonna blow it.

Justin Draeger: Oh, we talked about this, okay.

Megan Coval: But you had a really, I'm gonna say this. You had a really nice sweater vest thing on yesterday, and that seems new, and I feel like we all have the same rotation of clothes, so I would say, yesterday I was like, "That's very nice."

Allie Bidwell: I absolutely do.

Megan Coval: And that's new, right? It's new?

Justin Draeger: Okay, that isn't what I'm referring to, but yes, that is new, thank you for noticing.

Stephen Payne: Is that along the same lines?

Justin Draeger: No, it's not clothing related. It literally is my physical appearance.

Allie Bidwell: Okay. I'm only asking because you mentioned this for your New Year's resolution.

Justin Draeger: Your jobs will not be in jeopardy, say whatever.

Allie Bidwell: You mentioned that you wanted to get back into the routine of exercising and eating better for your resolution. Have you lost weight?

Justin Draeger: Yes, that's true. I have not, thank you for bringing that up, but I have been exercise ... I always get back into exercising in January, but that's not what's happening right now.

Megan Coval: I know what it is.

Stephen Payne: All right, haircut.

Justin Draeger: It's hair related. Did you just get a haircut by the way?

Stephen Payne: Yes.

Justin Draeger: Is it shorter?

Megan Coval: Yeah it looks shorter.

Stephen Payne: Yes.

Justin Draeger: I like it.

Megan Coval: Me too.

Allie Bidwell: I mean, would it be longer?

Justin Draeger: You look just as competent with your short hair as you did with longer hair.

Stephen Payne: Yeah, and maybe the person took off a little too much, but it's also good for me cause then it's like two or three more weeks, I don't have to go back. So I don't really...

Allie Bidwell: Bad timing with the weather.

Stephen Payne: I know, yeah.

Justin Draeger: But for men it's better to do it in the winter because you don't have a tan line where your hairline was.

Stephen Payne: I never thought of that.

Justin Draeger: Yeah. I've had that happen in the summer, and you look, it looks-

Stephen Payne: That's good to keep in mind.

Justin Draeger: So I am opposite of Stephen, I'm growing my hair out longer, and so for the longest time my wife has, well for 15 years, which is the age of our oldest child, she has gone short hair, she used to have very long hair. Short hair, because she insists it's easier to maintain. Yes. So I've gotten mixed results on this. You don't believe that either.

Allie Bidwell: I had really short hair at one point and it was not any easier.

Justin Draeger: Well, spiky or like shoulder length?

Allie Bidwell: It was like my jaw line.

Justin Draeger: Okay. So it was like the Rachel?

Allie Bidwell: No, the Rachel is longer.

Justin Draeger: Oh, okay.

Megan Coval: I know, yeah, the bob is more work, but I think that Deanne's hair is shorter than like a bob and chin length, when I've seen it-

Justin Draeger: She vacillates between shoulder and a little shorter-

Megan Coval: She does shoulder and a little shorter, okay, so she thinks it's easier.

Justin Draeger: Which is fine. Obviously I love her for more than her hair.

Megan Coval: Yes, yes.

Justin Draeger: When we got married she had long hair, and for many years before we had children, so she went short hair. So for the longest time I've been like, you ever just gentle suggestions, gentle, just, "Have you ever thought about growing your hair out again?" I'm not gonna go there. So, finally we're in like the standoff we just had with the shutdown where I said, "I'm gonna keep ..." She likes my hair shorter. I said, "Well, I'm just gonna grow my hair out until we can reach a compromise where you'll grow your hair out, then I'll go short again." So this could end up, I mean, who knows how long this could go on.

Megan Coval: So it's like who blinks first?

Justin Draeger: It is, and I've been doing the same haircut for probably 25 years and it's getting so long that pretty soon I'm gonna have to start combing it back.

Allie Bidwell: So you're heading in the direction of full on man-bun?

Justin Draeger: That's the objective. Now what I've read, it's a half inch to three quarters of an inch per month, so by my calculations, by August I could have enough hair to just pull back.

Allie Bidwell: I have some tips to make it go faster if you want.

Justin Draeger: To grow your hair faster?

Allie Bidwell: Mm-hmm.

Justin Draeger: Really?

Stephen Payne: Vitamin thing or something?

Allie Bidwell: Mm-hmm.

Justin Draeger: Really?

Allie Bidwell: Yeah.

Justin Draeger: I'm very interested, because anything just to end this shutdown, the standoff earlier. Anyway, I've just never had longer hair, so the hair touching my face is really a new feeling. So anyway, speaking of standoffs, the government just reopened. Hooray. Lot more traffic in DC. We got sent home because of weather, it was apocalyptic, but I don't know what day that was, that was insane.

Allie Bidwell: Tuesday.

Justin Draeger: Megan Walter and I went up to the Hill, we couldn't even get within blocks of the Capitol, we just got out and walked through the snow. So government's back open and where are we at?

Stephen Payne: So we just have one of those continuing resolutions that we normally talk about every year in budget time. But what's confusing about this year, and good for us in a lot of ways, is that it's not all of the federal government. So like before our programs are completely accepted from all of these conversations because we have full year funding, but other departments that we're subject to shutdown would then be against subject to shut down when the government would hypothetically close again.

Megan Coval: It was like three weeks, right? So-

Allie Bidwell: February 15th.

Megan Coval: So now we have two weeks?

Justin Draeger: We have till Valentine's Day?

Stephen Payne: Yes, so you get your nice Valentine's day weekend.

Justin Draeger: So theoretically all the people who were laid off will get at least their back pay in that amount of time and then they might have to go with that.

Megan Coval: Pay period of ... yeah. Happen during that time.

Justin Draeger: So presumably they get all the back pay and then we could be back in a shutdown. So this is what I find interesting about this, this is the new dynamic. People have a lot of things to say about President Trump obviously in the administration, but one thing that everybody would probably I hope agree to is that he's not a politician, he's not used to Washington, not particularly, he doesn't have decades of experience in government. I think he's coming to grips with the new reality of a Democratic Congress. So for two years he's had a Republican Congress, they seeded a lot to the president. I mean, Paul Ryan almost went silent the last year he was in office. Now he's dealing with the Democratic Congress and it's very clear to me that there's a steep learning curve here.

Justin Draeger: So, right now if you're looking at the battles in DC, house is about to gear up on oversight. Apparently the Trump administration has been telling their various cabinet secretaries to decline invitations to go up and testify, so there's been three cabinet secretaries, they've all declined invitations, which then puts the house into subpoena territory, like require you, I mean, touch secretary-

Allie Bidwell: Which Secretaries were these?

Justin Draeger: Neilsen, was supposed to come before the House Homeland Security committee. Benny Thompson from Mississippi requested her presence and she declined and he is now threatening a subpoena-

Stephen Payne: She said she blamed it on the shutdown, right?

Justin Draeger: Yeah, yeah. Everything was blamed on the shutdown. Then you've got Secretary of Treasury Mnuchin and Health and Human Services, Alex Azar, who've all been requested and they've all denied. Two of the three have suggested they'd send other staff, but they don't want other staff, they want the main people.

Megan Coval: It just seems politically like a bad move 'cause you know they're just gonna use 'subpoena power, and then I mean if you're caught on subpoena you're probably gonna be handled a little rough.

Justin Draeger: Well, everything gets pushed to the brink, everything, so think about that. If the house issues a subpoena, what does that mean? Ultimately it means they could send what? The Capitol police to go collect you and haul you before the house. Can you imagine that happening to a cabinet secretary? Like why do we have to go to the brink on everything? I mean it's just is-

Megan Coval: It's crazy.

Justin Draeger: I know we keep using unprecedented but, and then even Republicans are breaking with the president now in Congress, this last week intelligence officials were before Congress talking about foreign policy, and the president got up and contradicted them immediately after, and now you're seeing Republican members of Congress break with the president. So this is really unprecedented territory, I'm not even gonna venture a guess of whether the partial government shutdown will resume in February, but-

Stephen Payne: So I guess we'll see as our, like one best hope is this conference committee, which was on the table for a really long time to let the congressional negotiators hash this out behind the scenes and in public view. So the conference committee that is conferencing the homeland security bill. Keep in mind that all of the other bills are done, finalized, finished, had been sitting in wait, so you think about that, like if we were in their shoes, we have a hundred dollars Pell increase in our bill. We have other language, for example, on FAFSA data sharing, that was in our bill.

Stephen Payne: So there's so many other programs that have their bills that are sitting in wait, held hostage as part of this, but the one bill that isn't finalized, obviously is homeland security and so there's a conference committee and they met for the first time yesterday to begin thinking about conferencing it together. If you look at the roster of the conference committee, it's more seasoned Congressional members-

Megan Coval: And moderates, right?

Stephen Payne: Right, exactly. So they're all appropriations committee members, and normally to get on the appropriations committee, you've been around a little bit, you're in leadership's good graces, that tends to mean that you're a little bit more moderate or maybe reasonable than someone who is on the fringes of ideological issues.

Justin Draeger: Two additional things from the partial government shutdown, we had Selective Service errors, the Department just posted today that they have begun the database match with Selective Service restarted as of today and as of today,

they are going to start reprocessing those ISIRs. So any ISIR that aired out school should start seeing those reprocessing subsequent ISIR coming through. So, we'll keep our fingers on the pulse and see what happens here in the next couple weeks.

Justin Draeger: Next thing. Congressional Budget Office also came out with a report that tried to summarize the fiscal impact on the shutdown. Megan, are you catching us up here?

Megan Coval: Sure. So there's been a lot of different numbers floating around about how much the shutdown cost the federal government, and the big number that seems to come out from this report is overall \$11 billion. Just to break that down a little bit, in the report, CBO estimated that the shutdown in its entirety, so over the whole five weeks delayed about \$18 billion in discretionary spending for compensation in purchases of goods and services. So how that really played out was in the first quarter of 2019, which we obviously aren't even very far into that first quarter of 2019, the real GDP or gross domestic product is estimated to be \$8 billion lower than it would have been, and so that's just in the first three weeks of January, so-

Justin Draeger: A lot of that money is not gonna be recouped, even with back pay you can't recreate economic-

Megan Coval: Productivity and things like that. Yeah. So it was just crazy.

Justin Draeger: Really was a lose, lose, lose all the way around. This gets to the second thing that I was thinking about with the shutdown, which is besides the lost productivity, there's going to be a, it seems like this backup of bills because Congress can't really move on to other legislative items until this is resolved. So new Congress and as you would expect with the new Congress we've been ... Megan and Stephen policy team has been very busy meeting with new members and figuring out their priorities and they all have these bills they wanna introduce and you say, "Well, when are you gonna introduce? When are you gonna go forward?" And it's a lot of stalled out until there's room on the docket or they get attention and it's all just waiting a backlog until we get this-

Stephen Payne: So then you think about, if you're trying to be extra conspiratorial and think about strategy. It seemed like at the time there was a big push among Republican leadership behind the scenes to kick the shutdown into the new Congress to at least delay to some degree a new Congress. I think if you wanna be conspiratorial, like I said, you could think that maybe having this giant shut down, even if the president may end up losing in the end, who knows how it'll all play out. But it really did disrupt what could have been a huge momentum getting start to this congress, right? Because right when you start a new session, particularly when things change over, you have this new energy and this new effort to pursue so many different pieces on the legislative agenda, and that was completely stalled out. So we'll see the new cycle is so crazy anymore, all the time you can restart your cycle and get new piece of legislation through, but-

Justin Draeger: Well this does ... Oh, go ahead Megan.

Megan Coval: Yeah, I was just gonna say, I mean, not from a political standpoint, but also just, we were aware of bills where they needed help from some of the other agencies and just couldn't get it, right? So there's that political and optics piece, but also just the productivity piece of needing to be able to get in touch with the IRS or treasury to fix something or to understand something, get data and you just can't do it. So.

Justin Draeger: Well, this springs up I think, the big question that we've been grappling with for four years now, which is reauthorization. So we're already into February, that means what? We've got nine months if you take out a summer recess, of productive legislative calendaring left. Senator Alexander is the chairman of the Senate Health, Education, Labor and Pensions Committee. He seems to be like on the circuit right now, he's doing a lot of speaking around DC, his chief staffer was just at an event this last week. So Allie, why don't you catch us up, what's the new timetable?

Allie Bidwell: Sure. So, as we've mentioned before, Senator Alexander is on his way out, so this is his swan song, he wants to get HEA done. Earlier this week Insider Higher Ed reported that one of his staffers was saying that his timeline is by Christmas to have a reauthorization bill. Senator Alexander is also on Monday speaking at an event at the American Enterprise Institute AEI, and is expected to talk about his plans for reauthorization there as well.

Justin Draeger: Yeah. So what I found most interesting about this is if you look at the benchmarks to getting a re-auth done, you need bills introduced, comprehensive bills, they have to go through committee and markup passage, they have to get to the floor and then they have to be reconciled with the other chamber. His chief staffer was on the record saying not only would they have a bill introduced, but he said that between now and Christmas there would be plenty of time for them to introduce a bill, get it through committee, passed on the floor and reconciled with the house.

Allie Bidwell: So he means like completely wrapped up by Christmas?

Justin Draeger: Yeah. I mean I'm just saying that like, we've been playing this game for four years now, since 2015, color me a skeptic, but I know when it takes off, we have a lot of bills already introduced that could be wrapped into re-auth, but it just seems like with a new democratic house, I don't know.

Stephen Payne: Well one, you lost a month, off the legislative calendar. The Democrats in the house have said they wanna do a lot of hearings-

Justin Draeger: Oversight.

Stephen Payne: So they're not even starting, they wanna do like HEA, table setting hearings, like let's talk about campus space day, we're gonna go through this stuff again. I mean, half the committee is new and I know we'll talk about that in a minute, but-

Justin Draeger: You're skeptical.

Stephen Payne: -they said they may wanna do a bipartisan process. So it's not like they're just gonna take up the Aim Higher Act because seems like ... and Chairman Scott has said this in a few places, that he wants to do a bipartisan process because he knows you're going to need to, eventually, and so he wants to do it differently than the Republicans did prosper, he's been very clear about that and his staff has been clear about that. So he wants it to be bipartisan, so that takes time, and if you're doing hearings and you're ... Who knows, right?

Justin Draeger: Yeah.

Stephen Payne: One firm thing is always fun to do in the PowerPoints that we put out on the wall or Washington updates is just change, and we do this every few months. It's like, well, we could see HEA happen in 2016, cross out, 2017, cross out, 2018.

Allie Bidwell: You should just leave in the strikethroughs.

Justin Draeger: Yeah. that's a good idea.

Megan Coval: Last time, remember they hung their hat not last year but two years ago on Easter. Do you remember that? There was this big Easter thing and then we were like, maybe it's the Greek Orthodox Easter and so these high holidays seemed to be-

Justin Draeger: Real in the air for legislative activity.

Allie Bidwell: Yeah.

Megan Coval: It just seems ambitious.

Allie Bidwell: This is like something that I've thought about for a while and I think I talked to you Megan about it a while ago that I wanted to look into for a story, like why is it higher ed that keeps getting pushed to the side? Are there other pieces of legislation that are so overdue for reauthorization and what is it about that that people are like, "Oh, we can let it hang out a little bit longer."

Megan Coval: Well, I think that's a good question compared to activity and other committees, but I will say for the education committees is where we are at the top of the queue 'cause for a while it was like workforce investment and yes. I say we're in

the way and they were longer overdue, so I think that was the easy answer, like well you're five years behind they're eight years behind that kind of thing. But-

Allie Bidwell: But we've been at the top of the queue for a year and a half.

Megan Coval: A year and a half.

Justin Draeger: Well, we still have competition 'cause on the house side now the domain is not just higher education, it's also labor, so you have minimum wage laws that are gonna be debated. You're going to have union laws and protections that are gonna be debated, so we will see. Stephen you mentioned the makeup of the subcommittees. We now have, at least on the House side everybody is staffed up, right? So who-

Stephen Payne: Well, for the first time I think since we've done a podcast, we do have the full roster is finalized on the committee. So we have on the democratic side, we have two new members who were in Congress previously and there's some higher profile members. So Pramila Jayapal, a Democrat from Washington is the co-chair of the House Progressive Caucus and has been an active leader on progressive policy issues.

Stephen Payne: So she was added onto the committee, so if you're thinking about some of those issues, you're thinking about free college, right? She's certainly in that camp. Then Joaquin Castro, one of the Castro brothers added on to the committee as well, Democrats-

Justin Draeger: That's different than the Property Brothers. These are two different-

Stephen Payne: From my understanding, but I don't-

Megan Coval: Not twins.

Stephen Payne: Yeah.

Megan Coval: Okay.

Justin Draeger: Julian and Joaquin.

Megan Coval: Joaquin.

Justin Draeger: One is running for president, right?

Allie Bidwell: Julian, I think, right?

Justin Draeger: Oh, okay. Yes. Alright. I'm trying to keep track of all the people running for president, five weeks into the year.

Stephen Payne: Then there are 14 new members, new Democrats on the committee. So that's pretty big number.

Justin Draeger: A learning curve.

Stephen Payne: Right. So that's why, like I said, with the hearings, and then on the house side there's two returning members who were added on, Jim Banks and Mark Walker. Then there are nine new members on that side and there seems to be typically more turnover on the republican side as maybe that's not always everyone's priority issue when they come to Congress, but for the Democrats sometimes that's true, sometimes that's not, but just by way of becoming the majority party they just gained so many seats. So there's a ton of new members and people.

Justin Draeger: The new chairwoman of the subcommittee over higher education, that is.

Megan Coval: Susan Davis, Representative Susan Davis.

Justin Draeger: She's obviously steeped in higher ed policies.

Megan Coval: Yes, and she's been on the committee for, I don't know how many years, but quite some time. From California.

Stephen Payne: There's been bills that she's introduced, we've worked with them, excuse me, endorsed and stood behind.

Megan Coval: Yeah. The biggie there, she really ran lead on the bill to eliminate origination fees. So obviously something that we're very supportive of. She went to Berkeley, Allie.

Allie Bidwell: Yeah.

Megan Coval: That's where you went, right?

Allie Bidwell: Yup. Go Bears!

Megan Coval: Okay. Yeah. Go bears. So, yeah, I think she'll do a great job and I think, before I think she's even worked in a bipartisan way, so.

Justin Draeger: Who's the ranking member, subcommittee?

Megan Coval: Lloyd Smucker, right Stephen?

Stephen Payne: Lloyd Smucker.

Justin Draeger: From Pennsylvania.

Stephen Payne: Yeah and on the new redistricting, that's now my hometown is now his district.

Justin Draeger: Well, I expect big things then.

Stephen Payne: I'll give my parents the HEA priorities list to-

Justin Draeger: Bring them in, we'll have a chat, we'll do a download with them. Is he part of the Smucker fortune? Do we know, or what is the jelly?

Megan Coval: Is that another thing in your...?

Justin Draeger: Or is that Smuckers?

Stephen Payne: It's not.

Justin Draeger: Is that different?

Stephen Payne: From my understanding, I don't think he's connected at all-

Justin Draeger: Ouch. I've got nothing but good things to say about Smucker. I'm a big fan of jelly and I would vote for anybody who was tangentially related to it regardless of policy, that's how strongly I feel about it. All right, sticking with, you mentioned free college Stephen a second ago, number of people running for president, does anybody have a count? Do we know, what have you got?

Allie Bidwell: We could try naming...

Megan Coval: Okay. So we have Kamala Harris.

Justin Draeger: Yes, one.

Allie Bidwell: Kirsten Gillibrand.

Justin Draeger: Two.

Allie Bidwell: Julian Castro.

Justin Draeger: Three. The mayor from South Bend, Indiana, I don't know his name.

Stephen Payne: Then there's Delaney who was a former Maryland representative who's been in it the longest. So no one even knows who he is.

Justin Draeger: He declared last year?

Stephen Payne: Yeah.

Megan Coval: Howard Schultz.

Justin Draeger: Five. Howard Schultz, six.

Stephen Payne: Did we say Elizabeth Warren?

Justin Draeger: Seven.

Allie Bidwell: Elizabeth Warren.

Justin Draeger: Those are all Democrats except for-

Stephen Payne: Tulsi Gabbard.

Megan Coval: Oh, right.

Justin Draeger: She announced without her staff knowing. That's eight, that's seven Democrats, Schultz would be running as an Independent. Then the other one would be Michael Bloomberg, nine. Now it seems to me that they're all saying something similar like wealth taxes, medicare for all, free college or maybe, this is always nebulous.

Allie Bidwell: Free-ish college ... before with Bernie Sanders it was tuition-free college, and now it's shifted to where people are saying debt-free college.

Justin Draeger: Yeah, and I'm always unclear whether they mean four years or two years because most of the state free college pushes are two years. Yeah.

Allie Bidwell: Well, I mean, in New York I think goes four years and New Jersey.

Justin Draeger: If you're under a certain income threshold.

Allie Bidwell: There's been a few more like four-year ones popping up, but yeah.

Justin Draeger: They're all talking from the same playbook except Michael Bloomberg who said he would run as a Democrat because no independent has a chance of winning. He really took a few shots at Howard Schultz this last week, because he was saying he might split the democratic vote, but what's funny about this is, so Bloomberg, if he's going to run, he's gonna run as a Democrat apparently, hasn't formally announced, but then just yesterday, New Hampshire came out and said free college tuition would be a nice thing to do, but unfortunately, professors wanna get paid. So seems to...he'll run on the Democratic ticket, but doesn't seem to necessarily be backing up where the Democrats have gone in some of their policy proposals, so.

Megan Coval: It's gonna be a long-

Stephen Payne: Election cycle.

Justin Draeger: All right. Moving away from politics for just a moment, maybe some questionable use of government resources, Allie, fake universities.

Allie Bidwell: Yeah. So, I'll admit when I when I first read this story, I was a little bit confused, but there was a university set up in Farmington Hills, Michigan, that apparently was set up and being run by Homeland Security agents, in the Homeland Security Investigation unit to catch people who-

Justin Draeger: And trap.

Allie Bidwell: Yeah, and trap people who were trying to enroll foreign students to be able to stay in the country without the proper visas. The way that this was working was like, they actually wouldn't be enrolled in a real university, and according to this article in the Detroit Free Press, the students were fully aware of this. It was a sham university and they wouldn't be taking classes, they would just be portrayed as students so that they could stay and work in the US.

Justin Draeger: Just a recap in my mind, okay, this is how I see this. So for a long time, the administrations, maybe the Obama administration more than the Trump administration had been talking about sham universities, universities that offer quality degrees. I mean they've been talking about accredited schools as being like sham universities.

Allie Bidwell: Yeah, I think this was also portrayed to be an accredited university.

Justin Draeger: So then another arm of the administration goes out and literally creates a fake university. Completely fake and accredited-

Allie Bidwell: The timeline for this is, the indictment says that, from February 2017 to January 2019 is when at least this was observed.

Stephen Payne: But it says starting in 2015, the university was part of an undercover operation.

Justin Draeger: Okay, so this all was conceptualized back in 2015. So the same time we're cracking down on what they would call sham universities, Homeland security goes out and creates a fake university. They don't hire up, they don't get accredited, but they create a university to attract what they would see as people who are just overstaying or who shouldn't be here legally, but they're not trying entrap terrorists per se, this is not terrorist related.

Allie Bidwell: No, no. It's a little complicated, you can get an F1 visa if you're a student. These were students who had originally come to the US legally to study, then transferred to this fake university-

Justin Draeger: And overstayed.

Allie Bidwell: And stayed, yeah, without a visa.

Stephen Payne: They weren't after the recruiters, right? It's not like the full roster of every student here.

Allie Bidwell: Yeah, so eight people were indicted and I believe those were the recruiters, but also in this story it says that about a hundred students were arrested.

Stephen Payne: Gotcha. Yeah. The folks they name were the ones I guess who were, and this was a very interesting story, I had to read it like 10 times. I know-

Allie Bidwell: Yeah, I was like what exactly is happening here?

Stephen Payne: They were the ones who were like, they knew it was a fake school, they were told by ... They didn't know at the time they were undercover agents that work doing this fake school, like, "Do you wanna help us recruit-"

Justin Draeger: So they were conspirators and fraud.

Stephen Payne: Right, and so then they went out to recruit folks as part of this pay to stay, type operation where trying to pose as a student to be in the US.

Justin Draeger: This is really complicated 'cause I had mixed feelings-

Stephen Payne: Very complex.

Justin Draeger: -on all of this, because on the one hand, I think generally I feel more negative about this than positive though. I guess the one thing that makes me a little ... The public still has a lot of confidence in higher education, but surveys in recent years have shown that the confidence from the public and higher education has gone down, still pretty high relative to anything else, but has gone down. So to me, creating fake universities to try to entrap recruiters or arrest students who are overstaying visas or don't have visas just doesn't strike me as a good, I think there could be residual spinoff on colleges here.

Megan Coval: I feel like also don't we have better things to be doing? More pressing things, doesn't DHS ... I mean I get that this falls under their purview, but when you think about everything else that's going on, just seems like a waste of time and resources.

Justin Draeger: I will say, I looked at the marketing material that was quoted in the articles about this, it could have been any ... I read it, I was like, well, they nailed a lot of university marketing in the way that they attracted students to this. So, they definitely knew the craft when they were-

Stephen Payne: Yeah, and I guess this wasn't the first time either, there was in 2016, the story broke about the University of Northern New Jersey where they essentially did the same thing, and they arrested 21 people on student and work visa fraud. So it seems like now they have a playbook that they're just traveling around.

Justin Draeger: Yeah. So if you're a school and you see a school pop up out of nowhere, that's in your locality, might be your department of Homeland Security Investigative unit.

Allie Bidwell: Yeah. There was one quote in here from Matthew Schneider, who's the US Attorney for the Eastern District of Michigan, and he said, "We're all aware that international students can be a valuable asset to our country, but as this case shows, the well-intended international student visa program can also be exploited and abused." Summing up what all was going on in their feelings on that.

Justin Draeger: Yeah. Well, at least they have the political wherewithal to at least acknowledge the value that international students bring to the United States. All right, moving forward, another report that just came out, well at least it's being teased, the full report I guess won't be out till March, but about university endowments.

Allie Bidwell: Mm-hmm. So this is an annual report from NACUBO, the National Association of College and University Business Offices. For the first time was actually having institutions report their endowment spending, finding that 49% of endowment spending went towards financial aid related efforts, 16% also went towards tutoring and other academic student supports, and this was a study of 802 institutions that all together held endowment funds totaling \$616.5 billion. The median for those institutions, the median endowment was about \$140 million and 40% have endowments that were less than 101 million.

Allie Bidwell: So one thing that I thought was interesting too, in this report was that about two thirds, 66% of the institutions surveyed, increase their endowment spending, and the median for the increase was 6.6%. But this is happening at the same time that there was actually a 4% drop in endowment returns.

Justin Draeger: That depends with consumer price index increases.

Allie Bidwell: Right. Yeah, the rate of inflation is 2.8%.

Justin Draeger: That basically says, at least for the last year, that a lot of endowments are doing a negative spend? That they're spending more than they're making, and that's okay in one year, it's not sustainable over multiple years. Colleges have received a lot of scrutiny about their endowments. So I appreciate that NACUBO came out with a metric that show that nearly just about 50 cents of every dollar being spent out of endowment money, which is restricted, is being spent on financial aid, and then I think they said like another 15% is being spent on student support services like tutoring and counseling.

Allie Bidwell: And we actually like a while back did a special podcast on this topic specifically, and we had someone from NACUBO in here.

Justin Draeger: Liz Clark.

Allie Bidwell: Liz Clark, yes. As a guest on that podcast. So if you want a little throwback, we'll link to that in the resources section.

Justin Draeger: This obviously a hot button issue because when Republicans did tax reform, they originally proposed a tax on endowments that was paired back, so it's only hitting the wealthiest institutions. I think NACUBA's point here is schools are mostly spending their endowments on student aid or student support services. Then I always like to point out that schools are the number one source of grant aid in the country, they offer more financial aid than any other entity. Whether people like to parcel that out, like, well that's a tuition discount, a dollar is a dollar, it doesn't matter, at the end of the day.

Megan Coval: There's a lot of that in the coverage of this that interesting.

Justin Draeger: I hear that, but that's a fundamental lack of accounting understanding, a dollar in a book is a dollar. Now we can talk about enrollment management, I totally understand the issues with some students subsidizing others, that's just an outcome of the natural lay of the land with public underfunding, but a dollar is a dollar. Whether it's a cash dollar or it's a discounted dollar, anybody who sells anything, will tell you a dollar is a dollar.

Justin Draeger: So anyway, good information from NACUBO. Allie, tomorrow, February, new month-

Allie Bidwell: Well, if you're listening to this on Friday today, is-

Justin Draeger: Oh, sorry. Today Friday, early ... Well doesn't this official, this one kind of come out today though, like when you publish it-

Allie Bidwell: Secretly.

Justin Draeger: Okay. So people can find it if they're subscribed in iTunes.

Allie Bidwell: If you're subscribed to "Off The Cuff," I usually upload these Thursday evening, so you'll get it before everyone else.

Justin Draeger: That's when I listen.

Allie Bidwell: Most people do listen to this on Fridays, so.

Justin Draeger: Okay, February 1, exciting month, shortest month of the year.

Allie Bidwell: Financial Aid Awareness Month.

Justin Draeger: Yes.

Allie Bidwell: That's the real reason it's an exciting month, right?

Justin Draeger: So what about this? What are we doing with this month?

Allie Bidwell: So every year we celebrate Financial Aid Awareness Month, and we want to know how our members in your financial aid offices are spreading awareness about financial aid. So you can tweet at us and use the #finaidfeb, we have a whole resources page for things that you can use, some ideas about events that you could host, and feel free to share your photos of anything that you do with us on our Facebook page.

Justin Draeger: This is very exciting, what are we doing?

Allie Bidwell: We are doing a study informational campaign on social media throughout the month.

Justin Draeger: Awesome. All right, so we'll be back again next week.

Allie Bidwell: We're getting close to our 100th episode, this is 95.

Megan Coval: We've got to do something about that.

Stephen Payne: Yeah, what are we doing?

Allie Bidwell: I'm gonna make a cake.

Justin Draeger: Really?

Megan Coval: Okay.

Justin Draeger: Is it gonna be sugar free, gluten free?

Allie Bidwell: No. Absolutely not.

Justin Draeger: Are you gonna bring it in on a Thursday? Are you having this cake made or are you making it?

Allie Bidwell: I'm gonna actually try to make one.

Justin Draeger: All right, so we'll be back again next week. Thanks for joining us, tell a friend, remember to subscribe, bye bye.

Allie Bidwell: Best episode yet.