

NASFAA's "Off The Cuff" – Episode 111 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.

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

Justin Draeger: Megan sounding clearer than ever, because we finally... this wasn't like lack of funds, we just didn't buy you headphones so you could hear yourself.

Allie Bidwell: It's like logistics and... yeah.

Justin Draeger: So now your voice is level and... Yes, and-

Allie Bidwell: She can hear herself.

Justin Draeger: Right. And you had some tips for us Allie, because you are the main editor of this podcast.

Allie Bidwell: I point out things that I notice and I don't know if it's just because I've been editing them for so long not that I'm listening for more thing, but sometimes because I always tell you to stay close to the mic, but when you're not talking, there's sometimes a... In the background and then I have to cut all the heavy breathing out.

Justin Draeger: So, but let's be honest, okay? Let's... You know, we're all friends here, even though there's power differentials, so be careful.

Megan Coval: Don't be too honest.

Justin Draeger: But, is it mostly Megan?

Allie Bidwell: It's not, not Megan.

Megan Coval: Is it Stephen? I think it's Stephen.

Justin Draeger: Stephen is in Vermont, by the way, I should point out. He's at a conference.

Allie Bidwell: He got a birdhouse.

Justin Draeger: I saw that. So the gift was a birdhouse, which I think is a fantastic gift, but I also wonder how he's going to get this home.

Allie Bidwell: Well, according to him it's going to be no problem because he always plans for a birdhouse.

Justin Draeger: A birdhouse-esque, or size gift.

Megan Coval: Save some room in your carry-on for whatever.

Justin Draeger: Megan, how many weeks pregnant are you now?

Megan Coval: 32.

Justin Draeger: Are you coming to the conference...

Megan Coval: Yes.

Justin Draeger: ... next week? Okay, great, so this is a green light-go.

Megan Coval: Go, it's go.

Justin Draeger: But your breathing... I mean, you have like... Your diaphragm is compressed because you have like a whole baby in there. So, Allie, if it is Megan...

Megan Coval: Oh that's right, I'm just going to just blame it on the baby.

Allie Bidwell: So it's really the baby.

Justin Draeger: It's the baby.

Megan Coval: It's the baby.

Justin Draeger: It's always the baby, but if it's me, sometimes I do sit like slack-jawed and just kind of open-mouth and I will say, the other thing is, today, Megan very nicely pulled out, did you get any Dunkin' Donuts this morning?

Allie Bidwell: I did.

Justin Draeger: Somebody brought in Dunkin Donuts. You did?

Megan Coval: Uh-huh (affirmative).

Justin Draeger: And did you do like the thing where people, they kid themselves and they cut it in half and then they have half and then they have half-

Allie Bidwell: Oh no.

Justin Draeger: And then they go back like two hours later and have the other half.

Allie Bidwell: No, I took a whole one and I inhaled it in like 10 seconds.

Megan Coval: That's what I did. I brought my other half in here and I started with a quarter...

Justin Draeger: So you cut half.

Megan Coval: I came back for another quarter and...

Justin Draeger: Why did you do that?

Megan Coval: It makes me feel better.

Justin Draeger: Okay.

Allie Bidwell: I don't know. I know myself. I know I'm going to want a whole donut.

Justin Draeger: Right, so you ate the whole donut?

Allie Bidwell: Yeah.

Justin Draeger: The question is, are you going to go back and have a second donut?

Allie Bidwell: No.

Justin Draeger: Because I saw there were like two dozen. Anyway, the point of my story is, I came in late today, my family's headed off, back to Toledo and I was seeing them off and yada yada and there was a Boston cream Megan had pulled out for me and saved because I'm...

Allie Bidwell: Lessons learned from last time.

Megan Coval: Yeah.

Allie Bidwell: You ranted about the Boston cream's.

Megan Coval: Early bird gets the worm.

Justin Draeger: I rant about some really inconsequential things, but in this instance, I love the Boston cream's and nobody ever orders enough.

Allie Bidwell: Yeah, that is true. Right, they're one of the superior donuts and there's always like one.

Justin Draeger: Yeah, this was Dunkin' I should add, so...

Megan Coval: This is the last one.

Justin Draeger: Thank you. So I had ordered a whole lunch, so when I get off Metro, I picked it up at Brown Bag, come back, it's their kabob day, which is also a very hefty meal, so I saw the donut, I set my lunch down next to it and I of course ate the

donut first, so I've just consumed three thousand calories, my diaphragm is also compressed.

Justin Draeger: So anyway, the point of the story is, I ate a lot as well, thank you, that was very nice, Megan.

Megan Coval: I was very careful to point out that I didn't touch it. I wrote him a note.

Allie Bidwell: Oh yeah.

Justin Draeger: And that made all the difference.

Megan Coval: Went in with the napkin.

Justin Draeger: I don't know how many other people touched it, but...

Megan Coval: That I can't guarantee.

Justin Draeger: Okay, other thing yesterday, after our staff meeting, you guys were both here on site?

Megan Coval: Yes.

Justin Draeger: We had a... what was that, what'd they say happened? So the building quaked and it was prolonged.

Allie Bidwell: You could hear it, it was like [jet noise].

Justin Draeger: I was prolonged, it was not like a six-second... it was long and come to find out, I guess President Trump was showing F-35's to the Polish President.

Megan Coval: To the Polish President.

Allie Bidwell: Yeah, there was a scheduled aircraft flyover in the downtown area and the aircraft were flying at a low altitude.

Justin Draeger: You sort of feel like maybe we all should have gotten notice about that, because.

Megan Coval: Everybody was at the windows, like it was like a...

Justin Draeger: Like the first five seconds, you're like, "Oh, geez" let's see...

Allie Bidwell: I mean, D.C. Police did tweet it out an hour and a half ahead of time, that this was going to happen.

Justin Draeger: When we were all in the all staff meeting?

Allie Bidwell: Yeah, so obviously it's their fault.

Justin Draeger: I mean, we are on the eighth floor, which is almost the top of this building. It's scary sometimes.

Megan Coval: I mean it sounded like a jet was flying through our street.

Justin Draeger: I felt like a jet was like coming...

Allie Bidwell: Or like a torpedo, or...

Justin Draeger: Yeah, I felt like it was flying into the...

Allie Bidwell: Like down 18th Street.

Justin Draeger: Yes.

Allie Bidwell: In between the buildings.

Justin Draeger: Now this reminds me, Allie, I don't know if you were here the last time we had, what was that, an earthquake?

Megan Coval: That was in 2011.

Justin Draeger: Were you here for that?

Allie Bidwell: Oh, I was not, I was still in college.

Justin Draeger: Okay, so we were here, you weren't pregnant at the time.

Megan Coval: No.

Justin Draeger: But you and Gwen on our staff, right? Did you guys run? You guys ran.

Megan Coval: Well, Gwen, we all got downstairs and by the time we got downstairs, Gwen had already run two blocks down the street, like she was yeah...

Justin Draeger: Right, like we thought there was a bombing in Farragut.

Megan Coval: I thought someone bombed the metro.

Allie Bidwell: I find this hilarious that the East Coast doesn't know how to prepare for earthquakes because it's like I sleep through them, we have earthquakes all the time.

Justin Draeger: Also, the least safe place to be is probably out on the street, walking around.

Allie Bidwell: Yeah, exactly.

Justin Draeger: When stuff could fall on you.

Allie Bidwell: That's where you don't want to be.

Megan Coval: Well, the thing is, we don't get earthquakes...

Allie Bidwell: Yeah, that's what I'm saying.

Megan Coval: So when a building shakes, in D.C., when you're sitting on top of the metro. What do you think?

Justin Draeger: You're like, bomb.

Megan Coval: I think someone is blowing up the metro.

Justin Draeger: Right, but I also look around and I think, I don't smell smoke, I don't see anything.

Megan Coval: That's true.

Justin Draeger: But next thing I know, the staff are fleeing and you're a very cautious person. Every time there's a fire alarm...

Megan Coval: You know, I want to go outside.

Justin Draeger: This is not a drill and this also reminds me of the senate briefing we did several years ago and there was a fire drill at the Capitol.

Megan Coval: Oh yeah.

Justin Draeger: And I was like, well, I'll just keep talking because, you know, fire drills and everybody was getting increasingly uncomfortable the longer it was going on. Our briefing got cut short and actually...

Megan Coval: And finally, you were like, "You guys can go if you want" and then everybody flees.

Justin Draeger: And the room cleared.

Megan Coval: Everyone's thinking, "I'm sitting on Capitol Hill, prime target for..."

Justin Draeger: Right, we are not in the basement. We are not important enough to be protected.

Megan Coval: Yeah, right.

Justin Draeger: Alright, so a couple things before we get into... Well, one big thing. I sent this around, I don't know if you guys looked at it, but there was a tech titan mini-conference, so this was like a who's, who of CEO's. GQ published a photo of these Silicon Valley Executives. The LinkedIn founder, Reid Hoffman was there and Dropbox CEO Drew Houston was there and Amazon's Jeff Bezos was there, so this was a very important group, and they posted a picture of the gathering afterwards, and apparently it was like 15 guys, 15 dudes, and there were two women. And this reporter looked at it and started looking at how the pictures looked and...

Allie Bidwell: You can tell when things are photoshopped.

Megan Coval: Yeah, I was looking at it again like...

Justin Draeger: So apparently, right, these women were photoshopped into the photo. It was Peek CEO Ruzwana Bashir and then Sunrun CEO Lynn Jurich. They were photoshopped in, and so my question is what do you think leads somebody to do this? What is it? What's driving this? Because this is clear misrepresentation.

Allie Bidwell: Yeah, I mean, were they supposed to be at this conference and just weren't able to come or...?

Justin Draeger: So this is where it gets foggy. They were at the conference, they were not at the photo thing, so they just photoshopped them in.

Allie Bidwell: I'm just going to say, there's always, whenever there's a picture of... like you always see these things of members of Congress and people always comment on how they're old white men. They probably thought like, "If we post this picture, those people are going to..."

Justin Draeger: Doesn't look good.

Allie Bidwell: Yeah.

Justin Draeger: It doesn't represent the values that we espouse.

Allie Bidwell: Yeah.

Justin Draeger: So they photoshopped them in.

Megan Coval: But, not a good choice really.

Justin Draeger: Not a good choice. Misrepresenting the truth.

Justin Draeger: So here's what the article that pointed this out, they said, "Last week men's lifestyle magazine GQ published this photo of Silicon Valley Executives including

LinkedIn yada yada yada... From their pilgrimage from a small village in Italy to visit Brunello Cucinelli."

Justin Draeger: Do you guys know who that is, Brunello Cucinelli?

Megan Coval: Mm-mm (negative).

Justin Draeger: Do you know who that is?

Allie Bidwell: Mm-mm (negative).

Justin Draeger: Me neither. This is a luxury designer, famous for his \$1,000 sweatpants. But if you think something looks off in the photo, yada yada yada, it's because these women were photoshopped in. The most shocking thing about this to me that there are \$1,000 sweatpants.

Megan Coval: Sweatpants.

Justin Draeger: And who...

Megan Coval: Like Kanye West immediately came to mind.

Justin Draeger: How can there be sweatpants that are one thousand times better than the sweatpants that I own?

Allie Bidwell: I think you can actually buy sweatpants at Costco for like \$5.

Justin Draeger: That's what I'm saying, like what?

Megan Coval: They must have gold threads.

Justin Draeger: Don't get me wrong, I can imagine the sweatpants being like three times better than the ones I own, but a thousand times better?

Allie Bidwell: Yeah.

Megan Coval: No.

Allie Bidwell: No.

Justin Draeger: You don't see it.

Allie Bidwell: No.

Justin Draeger: What could be... I'm just trying to think. What could be... Secret pockets?

Allie Bidwell: I can't think of it. Or is there like tech in it?

Megan Coval: I want to Google the...

Allie Bidwell: Yeah.

Justin Draeger: Like the sweatpants are a phone?

Megan Coval: Is there like a charger in the pocket?

Allie Bidwell: Yeah.

Megan Coval: Good to know.

Justin Draeger: Okay, maybe it is.

Allie Bidwell: Is there an Alexa in it?

Justin Draeger: In my-

Allie Bidwell: In your sweatpants?

Justin Draeger: In my sweatpants?

Megan Coval: Even still, you can get Alexa for like \$50 bucks now.

Justin Draeger: Yeah I could just-

Allie Bidwell: You're just yelling at your legs, like, "Alexa!"

Justin Draeger: I just, I can't... So this was shocking of course, but then when I read the paragraph about the \$1,000 sweatpants, I have sweatpants that aren't great, but \$1,000 just seems like...

Allie Bidwell: That's just buying \$1,000 sweatpants because you can.

Justin Draeger: That's just, "I have so much money" that \$1,000 might as well be \$10.

Megan Coval: It's just ostentatious, yes.

Justin Draeger: Okay.

Megan Coval: But, today, we realized we were photoshopped.

Justin Draeger: Well, we have our own scandal, you're right Megan and I really want to his this because you were on the NASFAA homepage and so was I and we saw that there's a podcast advertisement for...

Allie Bidwell: Oh, what. Weird [sarcastically].

Justin Draeger: ... our "Off The Cuff" podcast, with our photos, but we never posed for that photo. So, did you make this photo?

Allie Bidwell: So, did you guys not see this poster at the conference last year? That was our... It was a huge poster.

Justin Draeger: Really?

Allie Bidwell: It was on an easel, yeah. With this picture. So they took all of our headshot and made it look like we're in this little group shot together.

Justin Draeger: Okay, so here's the thing about this photo. You didn't create the photo?

Allie Bidwell: I did not.

Justin Draeger: I mean, first of all, whoever did, thank you. That was very nice.

Allie Bidwell: Probably Gary.

Justin Draeger: But, it looks like... I mean, the look I have. It's very aggressive don't you think?

Megan Coval: Especially placed between two blondes.

Allie Bidwell: Oh, you know what? This is different than the one from last year, because...

Justin Draeger: First of all, I don't post any open smile photos of myself. But...

Megan Coval: But isn't this on the page, our podcast page?

Justin Draeger: No, I don't think so.

Megan Coval: Oh.

Allie Bidwell: No, this is... I'm going to go way deep into the archives from last year.

Justin Draeger: So, you all look fine and then I'm like looking down and aggressively. If somebody came at you with that smile, you would say, "Whoa, what is wrong with this person?"

Allie Bidwell: Maybe. Here's the... Okay, I found the one from last year.

Megan Coval: It's not so bad.

Allie Bidwell: I have a picture of it. We used a different headshot for you in this one.

Justin Draeger: Can I see that one?

Megan Coval: Yeah, isn't this your new headshot from this past fall though?

Justin Draeger: Yeah, but I don't use that one.

Megan Coval: I remember when we were making this, because you specifically asked if you could use more casual picture of yourself.

Justin Draeger: But it's still in a shirt and tie isn't it?

Allie Bidwell: It is still a shirt and tie, but you're making a funny face. It was one of the pictures from-

Megan Coval: Oh yeah.

Allie Bidwell: From flat Justin.

Justin Draeger: Yeah, from the cardboard cutout.

Allie Bidwell: Yeah.

Justin Draeger: All right well that's fine, I just, I want folks to know that we'd never pose for that photo. With the GQ scandal I just feel like we should say it. So...

Allie Bidwell: Justin was not leaning over our shoulders.

Justin Draeger: No, I was not staring you down.

Megan Coval: "Excuse me ladies."

Justin Draeger: Aggressively.

Megan Coval: And Stephen's just over there, like...

Justin Draeger: Yeah, disassociated.

Megan Coval: No, it's a nice compilation. Thank you to whoever...

Justin Draeger: On that note, I assume we put this advertisement together because - was this for the conference?

Allie Bidwell: Mm-hmm.

Megan Coval: Mm-hmm.

Justin Draeger: So Allie, you want to talk a little bit, we're going to be doing this again?

Allie Bidwell: Yeah, so we are going to be doing the live podcast like we have been doing the past two years.

Justin Draeger: In response to customer... to listener demand.

Allie Bidwell: Customer demand.

Justin Draeger: We put it out there. We were fine not doing it.

Allie Bidwell: There was not one person who said, "No, don't do it."

Justin Draeger: And there were like...

Allie Bidwell: At least five people.

Justin Draeger: ... five people who said yes.

Allie Bidwell: It's going to be a little bit different because as you guys know, Tuesday, we're not having the "UnWine'd hour" that we usually have because we've allocated some time for people to go to The Magic Kingdom, to Disney World, explore the area. So we're going to be having the podcast immediately after the last session wraps up on Tuesday afternoon at 3:15-4:00, so really short. Just a quick little fun gathering, kind of informal, but we won't be surrounded by an open bar.

Justin Draeger: Free alcohol.

Allie Bidwell: Yeah.

Justin Draeger: Now, alcohol's allowed.

Allie Bidwell: Yeah.

Justin Draeger: And it'll be a lounge type setting, and we'll have swag.

Allie Bidwell: We'll have swag.

Justin Draeger: So people who come will get something.

Allie Bidwell: It's new swag.

Justin Draeger: Has the swag actually arrived because I don't want to make a promise that we can't fulfill.

Allie Bidwell: No, it's going straight to Orlando.

Justin Draeger: Oh. It's not birdhouses, right?

Allie Bidwell: It's not birdhouses.

Megan Coval: Not business cards.

Justin Draeger: Yes, so we're doing an "Off The Cuff," it's going to be Tuesday at 3:15. That gives some people time after the last session, if they want to go get some alcohol, but we will have refreshments on site.

Allie Bidwell: Yeah, come back. Yeah, non-alcoholic refreshments will be there. There's going to be some games, some fun stuff like we usually do, less policy, more shenanigans.

Justin Draeger: Yes, people should know this is not... You're not going to get information.

Allie Bidwell: You're not going to learn anything.

Justin Draeger: Well, you're not going to get public policy information you wouldn't have gotten. We're not doing a policy update here. We don't want people to be like, "Oh, why did you schedule this because I..."

Megan Coval: I really wanted to know about the regs.

Justin Draeger: No, that's not what happens.

Megan Coval: Not at this one.

Justin Draeger: But, we're going to get together with our listeners. We literally on a weekly basis, this is in our top five most, what do we call it consumed content? On NASFAA site with twenty some thousand subscribers through Today's News, so if a couple hundred of our listeners are going to be at the conference, you're welcome to join us. We're going to have some fun. If nobody shows up, lesson learned. People are really coming for the booze. Is that a fair statement?

Allie Bidwell: Yeah, I guess this the real experiment this year.

Justin Draeger: Yeah, and then we'll know. It's not us, it's the booze, we're just background noise.

Megan Coval: BYO.

Justin Draeger: All right. Getting into this last week, speaking of the truth, we did some consumer testing recently on the Department's new proposed College Financing Plan, trying to get at what really works for students. You want to catch us up, Megan?

Megan Coval: Yeah, so the College Financing Plan is going to be the replacement for the College Scorecard, this next year, but this year ED put out a beta version and asked institutions to use it if they would like to, but also asked for feedback.

Megan Coval: So what we did is we went out to a group of students and parents to do some on the ground consumer testing to get their opinions on what they thought about the new College Financing Plan, but also what they thought about it in comparison to the Shopping Sheet as it exists now.

Megan Coval: And then we also went out to NASFAA membership to get their thoughts on the new College Financing Plan and the results were sort of where they have always landed when we've done anything related to this, kind of a mixed bag, right? Not everybody liked the same thing.

Megan Coval: So generally speaking, students and parents tended to like the Shopping Sheet more. They felt like it was more simple, more clear, more easy to understand and our members, the financial aid administrators, tended to prefer the College Financing Plan.

Megan Coval: So not a ton of consistency there, but there were areas, I think where everyone was aligning and I think one of the biggest takeaways was that both the students and our members said that there really was no need on this type of consumer information to have things like graduation rate and median borrowing, so really don't overload this type of document with unnecessary consumer information. And then from our members' perspective really wanting the document to be customizable.

Justin Draeger: So a couple things that I... This is sort of like classic Behavioral Economics, but students and parents said they liked the Shopping Sheet better because it was simpler.

Megan Coval: Mm-hmm.

Justin Draeger: But when the company that we hired to independently test them on whether they could answer basic questions about their ward notifications, it was little bit more mixed.

Justin Draeger: They were able to more easily identify net costs from the Financing Plan...

Megan Coval: But loans from the Shopping Sheet.

Justin Draeger: Yeah. So it's sort of like what people say they like and sometimes what's most useful are not always the same thing.

Megan Coval: Yup.

Justin Draeger: And as you said, one thing that came across very clearly from both student, parents and aid administrators was, "Do not load up the Shopping Sheet with extras." Like outcomes data. Students said that would be better utilized upfront during admissions and they said they prefer that space to be used for more information about their loans...

Megan Coval: Like work-study.

Justin Draeger: Work-study. People were baffled by work study which, coming at this empathizing with them, I get it. They were like, "Does work study money go to the school, does it pay off my bill, does it come to me?"

Megan Coval: Is it a guarantee? Yeah.

Justin Draeger: Right. "Is it going to help me in my career, is it a career alignment or major alignment?"

Justin Draeger: The other thing was learned is that word choice matters and this is going to take some... I feel like in some ways as a profession we might have been fighting a losing battle, because when we say financial aid, we mean any aid that's helping you offset cost to pay for college.

Justin Draeger: And if you go out to the Department's website, that's how they define financial aid. Students and families, they just don't view it that way. Grants.

Megan Coval: Grants.

Justin Draeger: Scholarships.

Megan Coval: Scholarships.

Justin Draeger: That's financial aid to them. Even though loans that are put up by the government without collateral, those are financial aid technically, that's not how students and families see it.

Megan Coval: That's not how they see it.

Justin Draeger: And if we're going to meet them with they are, we're going to have to reduce some of our vernacular.

Justin Draeger: The other thing that stood out to me that came from students and parents which is going to be really complicated because I don't think it's something we can do through institutional award notifications or something we can do through the Shopping Sheet or the Financing Plan is, they indicated they really basically wanted a bill, like a sure thing, and we're always very careful about caveating, these are estimated numbers, estimated cost, estimated Pell. Sometimes lawmakers haven't even finished appropriating at the federal level,

let alone like state legislatures who are figuring out tuition amounts at public universities.

Justin Draeger: So, this is an area where they really want one thing, but we have to be very careful about constantly couching this in... These are estimates.

Justin Draeger: And then you mentioned the flexibility. Do you remember in what we did, the flexibility institutions are looking for, what was it specifically that they cited in the survey?

Megan Coval: I think the new financing plan required that you show on- and off-campus housing, so that's just an example where some institutions if they only have on-campus or don't have on-campus, they don't want to have to sort of have that kind of cloud the document. So things like that. I can maybe find some other...

Justin Draeger: Yeah and then there were a couple more lines, right? For institutional grants and scholarships or institutional loans?

Megan Coval: Yup.

Justin Draeger: It's not so federally focused, which for some schools, maybe all their students are getting their federal aid, but other schools, federal aid makes up a small proportion of the total aid that a student's getting.

Megan Coval: Yup.

Justin Draeger: Okay. Moving on. This last week, also a hearing on Capitol Hill. It's been like a hearing-palooza every week that congress is in session.

Allie Bidwell: Yeah.

Justin Draeger: On something higher ed related.

Allie Bidwell: Not to extent that we have had maybe in the spring sometimes, but definitely another busy week. There were two hearings. The first was a House Financial Services subcommittee on oversight and investigations and that one was on state agency oversight of student loan servicing, which you might remember has been an issue for a while. There was this whole thing last year with federal preemption which states are not necessarily happy about. They want to be able to have their own oversight of loan servicers. And so this hearing was, not surprisingly, quite partisan.

Allie Bidwell: Democrats were saying that poor customer services and issues with loan servicing was just increasing barriers and financial struggles for borrowers and some Republicans on the committee were kind of saying that servicers actually have no control over a lot of the contributing factors to student loan debt like

interest rates or what school a student chooses to attend or what they major in or how much they actually take out, or things like that.

Allie Bidwell: So the long and short of it is that was sort of how this hearing went, was folks talking about the issues with servicing, the issues that are maybe are misattributed to servicers and just general agreement that there needs to be some change with regard to that.

Justin Draeger: Who were the witnesses in that hearing?

Allie Bidwell: The witnesses were Joe Sanders who's with the Illinois Attorney General's office, Nicholas Smyth who's from the Pennsylvania Attorney General's office, Arwen Thoman who's with the Massachusetts Attorney General's office those are all states they have been involved in taking legal action against various servicers for one reason or another. Joanna Darcus and the National Consumer Law Center. I think she was on a Neg Reg committee, I think it was borrow defense, but I'm not sure and Scott Buchanan from the Student Loan Servicing Alliance, so he was the one witness sort of representing loan servicing agencies.

Justin Draeger: Yeah there were parts in that hearing as I was able to catch it in between various meetings. There were parts in that meeting that were pretty contentious. One lawmaker in particular really tried to, I think, equate loan servicers to Countrywide the mortgage lender that obviously went belly up made all these subprime loans like she was saying that the the answers that she was getting from the servicers, she was saying were very similar to the answers given by mortgage lenders and servicers back in 2008 and nine right at the height of the financial crisis.

Justin Draeger: There are a couple key differences though that I think are worth noting. One is, because this gets to the heart of the student loan crisis, is that while there are some parallels, I don't think you can reasonably take a look at these two things and say that there aren't. There are some parallels. There are some also real differences.

Justin Draeger: One is, the underwriter in all of these federal student loans is the government. The government is the underwriter. So if we want to fix underwriting, then lawmakers are the ones who fix underwriting. Servicers...

Megan Coval: Servicers don't. Yeah.

Justin Draeger: Servicers, or frankly schools, cannot limit borrowing on campus which is sort of thing we bring up all the times. But they can't effectuate who can get loans in any practical way. So that's really on lawmakers and I don't know that we would fight for stricter underwriting on student loans. I know we have talked a lot about though, stricter underwriting specifically on Parent PLUS loans to at least look at debt to income ratios.

Justin Draeger: So that's one difference. The other difference is when you look at the... Student loans are the second largest type of consumer debt now, but it's nowhere near, like not even in the same atmospheric level as mortgage debts.

Megan Coval: Mortgages, yeah.

Justin Draeger: And so, when you have a significant percentage of mortgage debt going belly up, that's a lot different than people who are in Income-Based repayment on student loans. And we also know that most of the student loan borrowers in default have less than ten thousand dollars and almost half have less than five.

Allie Bidwell: But still there was frequently the example of the person with six figures of student loan debt which just like never sits well with me.

Justin Draeger: Of course

Megan Coval: As always. Yeah.

Justin Draeger: What do you mean, because it's an anecdote that's not representative of the population?

Allie Bidwell: Yeah.

Justin Draeger: Right. Like those people to get that much debt had to have taken-

Allie Bidwell: That's what gets talk about in these hearings.

Megan Coval: Yup.

Justin Draeger: Of course. It's crazy, but it does point to some servicing friction, though when you have so many people defaulting on loans less than... on small amounts.

Megan Coval: Yeah, on small amounts.

Justin Draeger: And I don't think it's solely the servicers, but there's a lot of federal policy we could change around that, so I just think it's unfortunate in a way that this has become so partisan, just like everything else because I think there really are improvements that need to be made in loan servicing, but when it becomes partisan, it just becomes so easy to block out what you don't want to hear.

Allie Bidwell: And one thing that happened really early on in the hearing that just... and at that point I was like, "This is how this is going to go." The chairman and the ranking member on the subcommittee were giving their opening statements and the ranking member who was Rep. Andy Barr from Kentucky sort of went on to say that student loan debt became a problem when in 2010 when President Obama "nationalized student lending" and doesn't mention the fact

that also at that time student loan debt was going up because more people were going to college.

Justin Draeger: Right, and the other thing that gets left out of that conversation is people really forget that prior to 2010, there was no liquidity in the market. Private lenders were making loans only because the federal government was fronting them the money upfront which is very different than traditional FFELP bank-based lending. The origination of the funds, lenders were selling their assets to the federal government who was providing them liquidity because the markets had seized.

Justin Draeger: It wasn't so much nationalized as the markets failed and they could not raise collateral.

Allie Bidwell: Correlation does not equal causation.

Megan Coval: Equal causation. Right.

Justin Draeger: So yeah, that's always a good sign when people go back to that, you know it's going to be partisan right off the bat. This was not the education committee, so these weren't like our regular player.

Allie Bidwell: Yeah. Financial services subcommittee. Then there was another hearing and I did not watch this one, but our policy intern Maylene was there and gave us a good summary of it. This was the house committee on small businesses and this one was a little bit more specific. It was about rising student loan debt as it relates to people in professional programs, so like doctors, dentistry I think was what they were-

Megan Coval: In small practice, like small...

Allie Bidwell: In small practice. Yes.

Megan Coval: Deterring...

Allie Bidwell: Student loan debt is deterring people from pursuing their own private practice and doctors also might be discouraged to work in a rural or underserved community, because of lower compensation, things like that.

Allie Bidwell: So of course things that were brought up were the Bennett Hypothesis always makes its way into these discussions.

Megan Coval: Grad PLUS.

Allie Bidwell: Grad PLUS. Income-Based repayment.

Justin Draeger: Going back to something, Public Service Loan Forgiveness and Jason Delisle-

Allie Bidwell: Jason.

Justin Draeger: From AEI who's conservative, right-leaning and he worked for Republicans on the hill previously. We've had agreement with him on several issues, we've actually had him on the podcast.

Allie Bidwell: It's been a while we should get him back.

Justin Draeger: It's been a while. One of the things though he brought up during that hearing that I'm always ... And maybe at the NASFAA Conference when we have our grad/professional sessions, we can get into this a little bit, but I do think he makes an interesting point about Public Service Loan Forgiveness. He says, "If you're a doctor and you have two doctors and they have the same amount of loan debt because they went to the same medical school, and one goes into private practice for him or herself and the other goes and works for a not-for-profit hospital, only one of them will get loan forgiveness."

Justin Draeger: And I don't know that I've heard him say this, but other folks have said, "And the person in private practice depending on the type of medicine, might actually do worse than the person working for the hospital" but they would get no loan forgiveness, which is one of the weaknesses that they point to in Public Service Loan Forgiveness.

Allie Bidwell: Isn't it possible-

Megan Coval: And they can also be serving a needy population in there.

Justin Draeger: Well that gets then with the rural or urban center.

Allie Bidwell: Well, isn't it possible that you could open up your private practice go into income-based repayment, not be making a lot of money and get loan forgiveness.

Justin Draeger: Yeah, you mean in like 20-25 years?

Allie Bidwell: Yeah.

Megan Coval: Like the traditional? Yeah.

Justin Draeger: Yes, you're right, although that's 10-15 years longer than a PSLF forgiveness.

Allie Bidwell: Just making sure we cover all our bases.

Justin Draeger: That's true. I guess I always feel like that is a compelling thing that... Now PSLF is not just about doctors. I think they're like the most cited group, but it's not about doctors and I wish we could even look at statistics to say how many people and which professions are getting it, but since only 0.7% of PSLF...

Allie Bidwell: Yeah, that would be nice.

Justin Draeger: ... have actually been approved, it's probably not a large enough data set, but I do think that's something as a community we really ought to be thinking about. Two doctors, same school, same debt and they just happen to have different tax structures and one gets a very generous forgiveness option.

Justin Draeger: Other news, we've been waiting for it but it finally hit the Federal Register, the accreditation Notice of Proposed Rulemaking, Megan.

Megan Coval: Yes, so this finally came out, what on Tuesday?

Allie Bidwell: It came out unofficially on Tuesday.

Megan Coval: Unofficially on Tuesday.

Allie Bidwell: Officially in the Federal Register on Wednesday.

Megan Coval: Yeah, on Wednesday, so we are digging into it now. We will have two summaries of it next week in Today's News, taking a really deep dive and then there will be a 30-day comment period, is that right?

Justin Draeger: Yeah, which is very short, but this was consensus, they did reach a consensus on this and Karen McCarthy our Director of Policy Analysis was quoted in The Chronicle of Higher Education talking about this. We also already have articles that we've done previously, but we are publishing new articles for folks, so if they want to comment, they should comment and then we'd also ask them to just send their comments to us at, where?

Megan Coval: Policy@nasfaa.org.

Justin Draeger: And we'll incorporate them into our own comments as we submit. Okay.

Megan Coval: Stay tuned.

Justin Draeger: Thank you.

Justin Draeger: Value of a bachelors degree. We have some more data that's coming out about this, Megan?

Megan Coval: Yeah, so there's... this is a constant debate, especially on Capitol Hill. I think you hear this a lot in hearing where people who are more focused on kind of a career training and credential training will say, "A bachelors degree isn't really worth it."

Megan Coval: Well, this week the Federal Reserve Bank of New York came out and said, "Yes, indeed it is" and Inside Higher Ed reported on this, basically just saying that

there still remains a clear economic edge for those who graduate with a bachelor's degree, versus those who just have a high school diploma.

Megan Coval: So it was really comparing those two points, so they didn't really get into the associates degree or other credentialing and they basically said that the average college graduate, his salary is \$78,000 and high school is \$45,000, so there's that \$30,000 kind of income premium there and so the wage premium remains substantial. They're saying college is still worth it and just because we keep hearing and we somewhat know that the cost of college is going up, doesn't mean that the net return is going down.

Megan Coval: So overall I think this is sort of what we knew, but it's good to see the data are there.

Justin Draeger: Yeah and this is where \$30,000 average over 30 years comes to \$900,000, so you're talking about that \$1 million differential.

Justin Draeger: The other things that's notable about this to me is the Federal Reserve weighing in, so this really does show sort of the ubiquitous issue of student loan debt, how it's really infused into almost all economic conversations at this point.

Justin Draeger: But, yeah, good to have additional information that shows is it worth it? It's fair to say also that a lot of people, sometimes isn't worth it, depends on the program that you're in, the institution that you're in and how much personal debt you go into. These are all dynamics we're going to talk about at the NASFAA Conference. On our last day, we have four big questions that are being asked in higher education and one of them is about the value proposition.

Justin Draeger: We are going to look at some public opinion polls, we're going to talk about some congressional proposals, so come and let's explore this question together.

Justin Draeger: Other big news in the next... This might be happening while we're at the conference. The Democratic...

Allie Bidwell: Yes, it is happening, yeah, while we're at the conference.

Justin Draeger: Do you know what night it's happening?

Allie Bidwell: I think it's two nights.

Megan Coval: 26th, right?

Allie Bidwell: I think it's two nights, I think it's the 26th and the 27th. The first Democratic primary debate.

Justin Draeger: And this one is being hosted by NBC.

Allie Bidwell: NBC?

Justin Draeger: So 26th and the 27th, while we're at the conference and...

Allie Bidwell: Should we have a watch party?

Justin Draeger: You know what...

Megan Coval: I can't do it this early.

Justin Draeger: It's too early for you?

Megan Coval: Yeah.

Justin Draeger: But, in preparation for this, we've tried to summarize, we've tried to help people out.

Allie Bidwell: Yeah, so some of you might remember when the 2016 presidential election was going on, we made this presidential cheat sheet with sort of summarizing what the candidates had said as far as different things related to higher education and financial aid, any official platforms that they had rolled out and so we've done the same thing for the 2020 candidates. And right now, I counted this this morning because I was writing something about it. I think there's currently 26 candidates.

Justin Draeger: Wait a minute, are you counting all candidates, or just the Democratic?

Megan Coval: All candidates. Right now there's two for Republican, Donald Trump, former Governor Bill Weld from Massachusetts is the other Republican. Everyone else is running as a Democrat.

Justin Draeger: So 24 Democratic...

Megan Coval: Yes.

Justin Draeger: ... candidates? That's a lot.

Allie Bidwell: Yeah, and I was looking at the old materials that we have from last time around and I remember talking like, "Oh my gosh, there are so many Republicans running." There were 16.

Justin Draeger: Oh, that was simpler times.

Allie Bidwell: Yes, much simpler.

Justin Draeger: Those were simpler times.

Allie Bidwell: But yeah, we're going to...

Megan Coval: The pond is diluted.

Justin Draeger: But here's the thing, have you looked at how many of those candidates have at least... the threshold to get into the debate, right, is you have to be polling at least 1%. Is that right?

Justin Draeger: And then you have to meet...

Megan Coval: A donor.

Justin Draeger: Yeah and I think it's, I can't remember it, but it is a one and a two. You can make it in one of three ways. One is a combination of those two things, one is you have to have a poll numbers through three or four different polls that poll you at 1%. Other than if you don't have the poll numbers, you could raise a bajillion dollars, but you still won't be included in the debate.

Justin Draeger: These rules are all junked up by the Democratic National Committee, because they don't want 26 people on stage. But the number of people that are polling at 1%, is it less than 12?

Justin Draeger: The last poll I saw from this last week has Joe Biden in the lead, Warren had moved up-

Allie Bidwell: Elizabeth Warren.

Justin Draeger: ... to number two, which was big because she had surpassed Bernie Sanders.

Allie Bidwell: Okay. Oh yeah, interesting.

Justin Draeger: This might have been just in Iowa and then you had Bernie Sanders and then like two or three other folks, but some really big names in politics weren't meeting the 1% threshold.

Allie Bidwell: Who was left off?

Justin Draeger: Kirsten Gillibrand wasn't meeting the threshold. I don't even know if Beto O'Rourke had met it and the only reason I say that is because he was such a big name in the last election.

Allie Bidwell: You're right, yeah.

Justin Draeger: Pete Buttigieg is still rocking and rolling up there.

Megan Coval: Harris is.

Justin Draeger: Oh yeah.

Allie Bidwell: Kamala Harris.

Justin Draeger: Kamala Harris, that's right. And all of those folks, in our charts, all of those folks have higher ed proposals.

Allie Bidwell: Yeah, they've at least said something, introduced a bill, they have something for what they would do as president.

Justin Draeger: Yeah, the other interesting thing I think about this is, I think it's conceivable that higher education and student loans could come up at every debate.

Allie Bidwell: On the national stage, yeah.

Justin Draeger: At every debate, yeah. And that's really abnormal in the history of kind of all of this.

Allie Bidwell: But having some sort of plan for debt-free college or tuition-free college or student loan debt in general is sort of a litmus test now for the Democratic candidates.

Justin Draeger: Yeah, Megan and I were just looking at back in 2008, what the presidential candidates then. So that was the nominees were Barack Obama and was it John McCain?

Allie Bidwell: McCain.

Justin Draeger: And you couldn't see a lot from McCain. I don't know that he had anything on higher ed per say until very late in the game and then on higher ed I think President Obama at the time was talking about modest increases to the Pell Grant.

Megan Coval: Yeah, a couple hundred dollars.

Allie Bidwell: So scandalous.

Justin Draeger: Very quaint, yeah that was scandalous. Now we're like, we should wipe out all student loan debt that's below \$50,000 and everybody else gets free college. That's...

Allie Bidwell: Well, but you have to think, part of this is I think because people who have really struggled with that sort of thing are becoming like a larger portion of the voting population.

Justin Draeger: Yes, I agree 100% with you, and I also saw something that showed the percentage of people running for president they have student loan debt.

Megan Coval: They still had...

Allie Bidwell: Mayor Pete.

Justin Draeger: Yeah, so it's touching them personally.

Allie Bidwell: Yeah and I think that's relatable to...

Justin Draeger: Yeah, voters?

Allie Bidwell: Yeah. Mm-hmm.

Justin Draeger: All right anything else? Otherwise, this is it. We're not doing one next week.

Allie Bidwell: Yeah, we're not doing a podcast next week. We will see you guys in Orlando. Come, bring a flask.

Justin Draeger: Orlando [singing]. Did you guys ever?

Allie Bidwell: Yeah.

Justin Draeger: Okay.

Allie Bidwell: I know what you're talking about.

Justin Draeger: Every time I hear or think of Orlando, I just think that song.

Megan Coval: What song is that?

Justin Draeger: It's from the musical...

Allie Bidwell: Book of Mormon.

Justin Draeger: ... Book of Mormon.

Megan Coval: Oh.

Justin Draeger: Orlando [singing].

Megan Coval: I've seen it, but just once. Okay.

Allie Bidwell: The main character is like obsessed with going to Orlando, because he thinks it's the greatest place in the world.

Justin Draeger: All right, until Orlando everyone.