

NASFAA's "Off The Cuff" – Episode 74 Transcript

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

Allie Bidwell: I'm Allie Bidwell, one of today's news reporters.

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

Justin Draeger: We had starting with us this last week our NASFAA DME intern. We don't have four mics so you're gonna have to share with Megan. You want to introduce yourself?

McCall Hopkin: I would love to. Hey everybody, I'm McCall Hopkin. I'm a student at George Washington. I'm doing a Master's in public policy. I'm excited to be here.

Justin Draeger: What year are you at GW?

McCall Hopkin: I just finished my first year. It's a two-year program, so I'm halfway.

Justin Draeger: All right. I bike through GW all the time. Do you live over there? You live blocks four blocks from here?

McCall Hopkin: I go to school really close to here. I actually live on Capitol Hill so I commute a bit.

Justin Draeger: Oh, fancy.

McCall Hopkin: Yeah.

Justin Draeger: All right.

McCall Hopkin: It's not that fancy.

Justin Draeger: You got the tour, everybody showed you around, people have been friendly, I hope.

McCall Hopkin: Very.

Justin Draeger: You're gonna be with us this summer. We were just talking about this before the podcast started. Did anybody show you the nap room?

McCall Hopkin: It's been referred to me as the wellness room.

Justin Draeger: That's-

Allie Bidwell: It's the nap room.

McCall Hopkin: It sounds like it's a nap room.

Justin Draeger: Have you napped in there?

McCall Hopkin: I have not napped in there yet. Not a lot of napping time.

Justin Draeger: Have you ever napped in there, Allie?

Allie Bidwell: I haven't napped in there, but I went in there a month or two ago because I was like, "I've never been in this room." I just sat in the chair for a while.

Justin Draeger: How was it?

Allie Bidwell: It was comfortable, but then I was like, "This is weird. I should leave."

McCall Hopkin: Do people use it?

Justin Draeger: I have definitely napped in there and if I can find 20 minutes to take a nap, I will do it, because I swear every day at 2:00 I could nap. Just every day. Europeans, I think, in Spain and Italy they have it figured out.

McCall Hopkin: It's a siesta.

Justin Draeger: Yeah. Right. That is the way to go. Have you ever, Megan, napped in there?

Megan Coval: Yes. I've been doing it with more frequency as of late.

Justin Draeger: Good for you. Now, here's a couple things I find weird about our wellness room. One, you can hear everything. It's not quiet in there.

Megan Coval: No.

Allie Bidwell: Everything from everywhere, or everything from ... ?

Justin Draeger: That hallway.

Allie Bidwell: From the kitchen area?

Justin Draeger: If somebody's walking or talking or being in the kitchen, it's hard to nap I find.

Megan Coval: Yeah.

Justin Draeger: There's that. Then too, what do you do with the light situation there, because there are no windows in there?

Megan Coval: I turn off the overhead light and turn on the lamp on low.

Justin Draeger: Oh, okay.

Megan Coval: It's very dim.

Justin Draeger: That makes sense, because the overhead lights are like piercing when you're in there.

Megan Coval: Yes. There's a mirror in there which is nice, because I feel like after you nap it's like, check yourself.

Allie Bidwell: You've got to make sure, yeah.

Justin Draeger: When you walk out of the nap room, do you feel judged if anybody's in the hallway?

Megan Coval: Yeah.

Justin Draeger: You do?

Megan Coval: Yeah, and I actually don't ... I have felt sensitive before about ... technically, you're supposed to reserve the room and you send it a calendar invite, but I'm like, "I don't want people to look at my calendar and see a half hour nap room."

Justin Draeger: Can't you just mark it private?

Megan Coval: I feel like marking it private is sort of shady.

Justin Draeger: I also feel judged when I walk out of that room, but I also feel like I'm setting a standard. Look folks, you can't go nap for two hours, but people don't take their lunches around here very often anyway, so if they want to go nap for 20 minutes to help them be productive, I'm all for it.

Megan Coval: Yeah. Two weeks ago, I had a little headache and I was like ... but no, it was nothing. I went in there, I don't even know if I fell asleep, but for like 20 minutes I just closed my eyes, had some water, and I got up and I'm like, "I feel ..."

Justin Draeger: You were a new person.

Megan Coval: Yeah.

Justin Draeger: That's the point of the wellness room.

Megan Coval: It contributes to productivity.

Justin Draeger: You were well.

Megan Coval: Not decreases.

Justin Draeger: You were not well and then you were well. All right. Anyway, McCall, welcome. We're glad you're here. You're gonna be working on our profile event, is that right? Which is our annual event on the Hill where we bring in lawmaker staff and we update them on the student aid programs and everything like that. Any other projects you are gonna be focusing on this year?

McCall Hopkin: Stephen is out of town, so I think he's gonna have a whole debrief with me when he gets back. I don't know. I've sort of been sampling from each different person what they'll have me working on, so I'm not sure yet.

Justin Draeger: Where did you work right before here?

McCall Hopkin: I just came from the Senate HELP Committee. I was working in their education office, which was really fun.

Justin Draeger: Great. Welcome. We're glad to have you here. I have one other thing I want to talk about real quick. Last week, Allie, you showed Megan and I and some others your pictures. We all have pictures. Maybe pictures we don't want shared. So when you were showing us your pictures, I noticed over on the left with the folders, don't get worried, it's not that bad. I noticed you had an entire folder called "cats."

Allie Bidwell: Oh, so this was from a couple years ago and it was a shared album from when Megan and Charlotte and I went to the Cat Café in DC. It's not just me obsessing over cats.

Justin Draeger: I was like ...

Megan Coval: I'm so happy...

Justin Draeger: I have a dog. I love animals, but I don't have an entire folder called "dogs." I thought, "That's kind of charming."

Allie Bidwell: It's specifically from the Cat Café.

Justin Draeger: I did not want to break up the cadence of the vacation pic sharing, but I was like, "Wow." There must be a lot. I was like, "I'd love to pry into that folder." Anyway. All right. We have a lot to talk about. This week, it feels like a lot and also not much happened. A lot of big things happened. Let's start with HEA reauthorization. People keep talking about the PROSPER Act and whether it's gonna actually make it to the House floor, so we got word this last week that Virginia Foxx, who's the chairwoman of the House Education and Workforce Committee, she decided she was going to hold a member-only hearing. That's kind of a big deal, because that's just members talking to each other.

Allie Bidwell: Was it a hearing?

Justin Draeger: It was a meeting, sorry. It was last night. It was a members-only meeting. When I hear "members only," I get a little worried because it's a little unpredictable. Their portfolios. One, their portfolios are big. Two, I always get a little worried about how much they actually know about the programs.

Megan Coval: They gotta know about a lot of things.

Justin Draeger: Yeah. Right. We know a lot about one thing.

Megan Coval: Yep.

Justin Draeger: They have to know a bit about everything. You never know what's gonna happen in these sorts of meetings. We know that lawmakers have been hearing from colleges. Anyway, member-only meeting. There was a reporter from Bloomberg, Emily Wilkins, very good reporter. Apparently she like staked out the meeting.

Megan Coval: Yeah, I love it.

Allie Bidwell: That's like ... I appreciated that. I was like, nice.

Justin Draeger: Me too. That is ...

Megan Coval: Can't you just imagine she's like sitting out there by herself with a peanut butter and jelly sandwich and her little microphone.

Allie Bidwell: That's what you do when you're a reporter that focuses on specifically Congress or Capitol Hill. They just go there and they stay there all day. They have the galleries ...

Justin Draeger: She staked out the meeting, apparently when she found out where the meeting was. When the meeting adjourned, she cornered some lawmakers, sounds like the turnout maybe wasn't that great. She said somewhere between five to 12.

Allie Bidwell: Yeah, at various points because people were coming and going.

Megan Coval: Out of an expected 218 or so.

Justin Draeger: Well, I don't know if we expected everybody, but there are more than 200 people in the caucus.

Megan Coval: I'm just saying, you're trying to get your caucus together.

Justin Draeger: People were, according to Emily, sort of undecided coming out of the meeting. Nobody was committing. As we talked about I think last week, the House Republican leadership laid out their agenda. PROSPER wasn't there, but I'll hand it to Virginia Foxx. She's certainly pushing for her bill and she wants this on the

floor. We continue to have some pretty acute concerns, particularly around borrowing caps for grad students, parents, and public service loan forgiveness elimination, among many others, R2T4. We don't have a date for it to be on the floor. I think I do this every week, but do you want to call odds, Megan? What do you think? Is this gonna make it to the floor?

Megan Coval: I don't think so.

Justin Draeger: Megan says no. Allie says no. I'll say yes.

Megan Coval: Why?

Justin Draeger: If it's yes you can owe ...

Megan Coval: Do you think that though?

Justin Draeger: I can take the other side and you can owe me something. I think it's an uphill battle.

Megan Coval: You gotta set that before you ask.

Allie Bidwell: Yeah.

Megan Coval: You can't be like ... just so you know, for the future.

Justin Draeger: If I wasn't betting on this, I would also say no, only because they always set these agendas as if they've got all the time in the world and they don't. Their big thing right now is appropriations. They want to try to get these spending bills done and that's gonna suck up a lot of bandwidth. Anyway.

Megan Coval: My no is not even really ... I understand that there's some issues with PROSPER and gaining support to take it to the floor, but I think if all this other stuff wasn't going on, it wasn't a midterm year, that the potential could be there. I think you're right. It's just all the other noise.

Allie Bidwell: They have bigger fish to fry.

Justin Draeger: Yeah. Okay, then previous to this Republican meeting, Secretary DeVos was actually in front of the House Education and Workforce this week. Did you guys all watch the ... ? You were all on, because we were all instant messaging with each other.

Allie Bidwell: Yeah, we had our channel going.

Justin Draeger: I was off and on in between phone calls. What'd you think, Allie?

Allie Bidwell: It was intense. This was a hearing that I think they had originally scheduled for December and then it got pushed back for some reason, weather or some other thing came up. I don't remember why, but they rescheduled it, and this was the first time she had come before the committee in the year and a half that she's been in office. It was uncomfortable. There was a very, very clear divide in the questioning. There always kind of is, but ...

Justin Draeger: A partisan divide.

Allie Bidwell: Yes. Democrats were really hard on some issues and their lines of questions and Republicans were sort of more questioning her on if she would support some of the things in the PROSPER Act or trying to, I think, just get on the record that they're on the same page with Secretary DeVos on certain issues.

Justin Draeger: What are your thoughts?

Megan Coval: I agree. I think ... I feel like you have to come back to 10,000 feet and just remember the hearings are more about politics than they are substance or content.

Allie Bidwell: Theater.

Megan Coval: Not just this one, all of them. They've kind of come to be that way, especially since they're streamed more and broadcast more, so not uncommon to see the partisan divide.

Allie Bidwell: Here was something that I thought was interesting and Andrew Kreighbaum from *Inside Higher Ed* actually pointed this out. A couple people asked her about the *New York Times* story that we talked about last week with the downsizing of the Student Aid Enforcement Unit, and she sort of stumbled through her answers on that a little bit, which Andrew pointed out was surprising considering all the attention that that was getting. You had to know that they were gonna ask about that.

Justin Draeger: They had just talked all about this the previous week when the story broke.

Allie Bidwell: Yeah.

Justin Draeger: This is why ... I don't know. I cut people some slack, because when you're sitting there in front of ...

Megan Coval: You've done it. You've been there.

Allie Bidwell: It's so nerve-wracking I can imagine.

Justin Draeger: It can be a little nerve-wracking. What it looked like to me as I looked around, now they always do tight shots with the dais, so you can't really tell how full it is

unless you're there in person, but it looked like it was fairly well-attended. It's not so intimidating when there are literally like the chairperson and the ranking member and there's like maybe one other person there. But when I looked at the people on the dais, you could sort of see behind them that there were other people, so this was the first time ... was this the first time the Secretary has been in front of Workforce?

Allie Bidwell: Yes.

Justin Draeger: I feel like it looked pretty well-attended.

Allie Bidwell: Yeah.

Justin Draeger: Anyway. I wonder if there's some of that intimidation a little bit. Then the other thing is, you bring your staff, so she's behind her. We know a lot of those folks sitting behind her.

Megan Coval: I can't imagine how they must feel.

Justin Draeger: Well ...

Allie Bidwell: Especially when you know – you *know* going in. You know she knew that people were gonna try and catch her in "gotcha" sort of moments, and just knowing that and building that up in your mind is psychological.

Justin Draeger: But what's the point of having your staff if they're not helping you? You know what I'm saying? What was the point? If she didn't know the answer, why wouldn't you just turn around and say ... ?

Allie Bidwell: How would that look though?

Justin Draeger: I think it would look like I need to ask my staff. If you had to do that every question I think it would be ridiculous.

Allie Bidwell: She probably told them not to, maybe she said not to.

Megan Coval: Yeah, we don't know. I felt like ...

Justin Draeger: I just feel like, what's the point then? Just so people have your back?

Megan Coval: Yeah.

Justin Draeger: Have you ... in any of the hearings that I've done, have you ever passed me a ... you've texted me right, when I'm sitting there?

Megan Coval: Uh-huh.

Justin Draeger: You've passed me answers or a point or two.

Megan Coval: I think, but not like in the middle or maybe anticipating something, not like it was like, "Mr. Draeger," and then I was like ...

Justin Draeger: Then I looked at my phone.

Megan Coval: Hang on, let me ask my ...

Justin Draeger: I feel like in the past though I've seen COO's of FSA say, "I don't have that number, just a second," and then they'll turn around and they'll just give it to them and they'll say, "Oh, it's blah blah blah."

Megan Coval: Yeah.

Justin Draeger: I don't think people expect them to be ...

Megan Coval: Yeah, to have everything.

Allie Bidwell: No.

Justin Draeger: Omniscient and know everything.

Allie Bidwell: You see that also on the flip side where the members have their staff pass them things.

Justin Draeger: Right, exactly. The ranking member and the chairperson have literally staffers right next to them feeding them stuff the entire hearing.

Allie Bidwell: They don't even try to hide it. You can see them hand them a stack of papers and they look at it and read straight off of it.

Justin Draeger: Yeah, some of it's like who's next, and some of it's like, "Here's an additional follow-up question." Anyway ...

Megan Coval: I thought she seemed very confident. She was not ... I didn't think there were many times that she got flustered.

Allie Bidwell: I think she did.

Justin Draeger: She gave it back. She didn't do that in the first hearings.

Megan Coval: That's what I'm saying. She was a little more ...

Justin Draeger: People were giving her ... the Dems were giving her a little bit of a hard time. I mean, speaking of "gotcha" moments, someone asked her like, "Is there a four-year university in every US territory?"

Megan Coval: Yeah.

Justin Draeger: I was like, I don't know the answer to that? Do any of you know the answer to that?

Allie Bidwell: It's sort of reading between the lines though. If that member from ...

Justin Draeger: He was from the Mariana Islands or something.

Allie Bidwell: Yes. You should ... You knew the way that he was asking it, the answer was no.

Justin Draeger: Could you even name all the US territories?

Allie Bidwell: No.

Megan Coval: No.

Justin Draeger: Okay, good.

Megan Coval: But my point was that she said to him ...

Justin Draeger: I don't feel so culturally ignorant, because I was like, "I couldn't even name all the US territories right now off my head."

Megan Coval: No.

Allie Bidwell: No.

Megan Coval: But she said to him though, just in terms of being confident, "Why don't you tell me?"

Allie Bidwell: Why don't you ...

Megan Coval: She was a little indignant on that and I think ...

Justin Draeger: The problem with the partisanship is I feel like Democrats had some good questions. They weren't all "gotchas" and they weren't all mean either.

Megan Coval: No.

Justin Draeger: I felt like several of the Dems were very friendly and had legitimate questions, but when it becomes partisan, I feel like it's too easy to push off and say, "Well that's just partisan," when some Democrats had legitimate questions. Some Republicans I felt like had some good questions too, not a ton on higher ed though. The topics they talked about higher ed wise were what? You had Pell for nontraditional programs came up.

Allie Bidwell: Perkins wind-down.

Megan Coval: Perkins.

Justin Draeger: Perkins wind-down.

Megan Coval: For-profit accountability stuff. Borrower defense.

Justin Draeger: Loan servicing.

Megan Coval: Servicing.

Justin Draeger: Anything else?

Allie Bidwell: The issue with the PROSPER Act, whether it is a net loss for student aid, that came up *several* times.

Justin Draeger: Yeah. Now, this is where it starts to become a little difficult, because I feel like I'm listening to two sides, neither of who understand what these numbers mean. This was the \$15 billion cut. CBO did say there would be \$15 billion cut out of mandatory. The issue is that when we did our calculation, and we followed up with CBO to check these numbers, overall, the bill actually costs taxpayers money. It doesn't save, it costs, but that's because of the revenues you lose from capping the loan programs. When you back those out, overall the bill does lose.

Allie Bidwell: It was still a net loss of \$7.4 billion is what our analysis said.

Justin Draeger: That's when you roll out the loan changes, right?

Allie Bidwell: Yes.

Megan Coval: Then there's the mandatory side.

Allie Bidwell: It started out, he did write about how CBO estimated that there's a \$14.6 billion in savings, and then when you take the other things into account, it still ends up being \$7.4 billion lost in student aid over 10 years.

Justin Draeger: Yes, but that loss is partially because the government's not getting revenue from the ...

Allie Bidwell: Right, the origination fees or whatever it was.

Justin Draeger: And also the borrowing the cost of attendance at the grad/professional level.

Megan Coval: Capping.

Justin Draeger: We actually did something on this, because Jason Delisle did an opinion piece on *The Hill* talking about how the secret is that this bill actually costs money, but then ... he didn't say it outright but that insinuates that there's more student aid being spent. We did a rebuttal piece saying, "It does cost money, but that's because of the foregone revenues from the caps on the loans. In the end, it actually cuts net amount of available student aid."

Allie Bidwell: But the numbers that were being thrown around during this hearing was the Democrats were just insistent that it was a \$15 billion loss, and then someone, I don't remember who ...

Megan Coval: It's just how you talk about it.

Allie Bidwell: Said on the Republican side that it was a \$30 billion increase for Pell? Which I'm not exactly ...

Justin Draeger: Well, it's not an increase, but if you look ...

Megan Coval: It's not \$30 billion, that's for sure.

Justin Draeger: Yeah.

Allie Bidwell: Neither of them were right, technically.

Megan Coval: No, that's your point.

Justin Draeger: Yeah, there was one other thing.

Megan Coval: You can make numbers say whatever.

Justin Draeger: Her response to that was ...

Allie Bidwell: "I've heard that opined."

Justin Draeger: Yeah it was ...

Megan Coval: She used "opined" a lot.

Justin Draeger: Yeah, she did use that word. I heard that opined, and then somebody pointed out well, these are Congressional Budget Office numbers and at that point, you're like, I feel like we're not even ...

Allie Bidwell: It's just words.

Megan Coval: Yeah.

Justin Draeger: Other big breaking news this week, Public Service Loan Forgiveness is back in the news and this time for a good reason.

Megan Coval: You might remember that back in the final spending bill for fiscal year 2018 there was a pot of funds, \$350 million set aside to address the issue of students who were enrolled in the wrong repayment plan but had otherwise done everything that they were supposed to qualify for Public Service Loan Forgiveness. That money was put there, big push from Elizabeth Warren and some other Democratic senators to get it, and the question was how is this actually all going to work? Yesterday, the Department came out and said that they were kind of kicking off this process to get these students that were enrolled in the graduated or extended repayment plans their money and I believe it said they were only eligible if they had been denied. Is that right?

Allie Bidwell: Yes. Reconsider ones that had applied and been rejected.

Megan Coval: Rejected.

Justin Draeger: That's right. Then there's also another criteria. They're calling it a temporary expansion, because it's first come, first serve til the money runs out.

Megan Coval: Yep. That's a key thing too, first come, first serve.

Justin Draeger: But to be eligible, both the monthly payment the borrower made in the 12 months prior to applying for forgiveness and the most recent payment made at the time of application for forgiveness, they would both need to have been greater than the amount the borrower would have paid under an income-based or income-contingent repayment plan.

Allie Bidwell: So you had to be in the wrong plan and to have been paying more.

Justin Draeger: More than what an IBR would have been, that's right. Then an exception does exist for borrowers who demonstrate, and this is a quote here, "demonstrate an unusual fluctuation of income over the past five years." There are some limiting factors here that ...

Megan Coval: Yeah.

Justin Draeger: I don't know. I'm starting to wonder whether this whole \$350 million is gonna get spent. When you start getting this limiting on who can qualify for it ...

Allie Bidwell: How many people have that specific of a situation? Did they ... I wonder too did they have the ability to look into to see how many people, to project what it would be like?

Justin Draeger: I don't know. I'm just thinking about the process from a borrower standpoint. This is already confusing enough. I apply, I'm rejected, I have to apply again and

I have to make sure that the last ... that the payments I made 12 months prior to applying and my last payment were both higher than an income-based repayment.

Allie Bidwell: Right.

Justin Draeger: Which means you're gonna have to turn in paperwork for income based repayment so they can calculate retroactively what that payment would have been and this all has to be through FedLoan, so it would have already been through FedLoan right, because they applied and then been rejected.

Allie Bidwell: Yeah.

Justin Draeger: Okay.

Allie Bidwell: This makes me think too of the argument that a lot of folks had in the most recent borrower defense neg reg where there was a discussion on the burden of proof that applicants would have to ... what sort of documentation do they have to bring and the consumer advocates were like, "Look, if they're defrauded, how would they know beforehand that they were being defrauded?" It's not like they're gonna have kept all of these e-mails and marketing materials. Why make it harder when it's pretty clear that this is what happened?

Justin Draeger: That's a pendulum borrower defense that has swung, I think, wildly in both directions. One, it was up front with the Obama administration it was very much like it was almost like the institutions were very much on the defense and then we've swung the other way when during negotiations, it was almost like the borrowers had to go above and beyond to demonstrate fraud or that they were being misled. I think this has been a complicated issue, but the edges are not where we want to be. There's got to be some middle ground here.

Megan Coval: The other thing is we had a policy webinar on Tuesday of this week, just an update, and someone had asked the question there about what was going on with state authorization and the delay that had been talked about and sort of officially announced by the department, but no official documentation was out on it, and so just today they came out announcing that there will be an official delay of the rules that were to go in effect on July 1.

Justin Draeger: That was over at OMB and did you say that it's coming out in the Federal Register?

Allie Bidwell: It will be published in Friday's Federal Register.

Justin Draeger: So that's it?

Megan Coval: Yep.

Justin Draeger: It's going to be out and we do have an official delay.

Megan Coval: Finalized, yep.

Justin Draeger: We're coming to the end of May, so we are expecting proposed rules.

Megan Coval: Yeah. Borrower defense.

Justin Draeger: In the next week?

Allie Bidwell: Borrower defense this month, gainful employment next month.

Justin Draeger: Should we take bets on whether the department releases one of those tomorrow, Friday, the day before Memorial weekend?

Allie Bidwell: I think tomorrow because I just remember so many times when I was at U.S. News and you know something's coming and you're waiting, it always would happen, almost every year like the last Friday before Christmas something big would come out. A lot of stuff with the college ratings system came out that way. I think it's just if you want something to maybe get less attention than it might otherwise, that's a strategy to do that.

Justin Draeger: For the reporters it's tough too, because not only do you have to then spend some of your vacation doing the story, then you've got to try to find people to comment on it.

Allie Bidwell: Oh, I don't care. I'm like, "Joke's on you man. You think I'm gonna take off and not care?"

Justin Draeger: You covered it no matter what.

Allie Bidwell: Yeah.

Justin Draeger: But trying to find people to talk to is probably ... like, I gotta call ... well, I'm leaving tomorrow. We're headed out of town.

Megan Coval: I'm just gonna say if you get a call, you will get a call, or we will. I should say NASFAA will get calls as soon as it drops.

Justin Draeger: All right. All right, thanks for joining us for another edition of "Off The Cuff." We may or may not be back next week, depending on what's going on with Congress. It's Memorial week, Congress is out, if something breaks, we will be on the air. Tell your friends. Send us your comments. Remember to subscribe. Best episode yet.

Allie Bidwell: Best episode yet.

