NASFAA “Off The Cuff” – Episode 135 Transcript

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

Allie Arcese: I'm Allie Arcese with our communications team.

Megan Coval: I'm Megan Coval with our policy team.

Rachel Gentry: I'm Rachel Gentry with our policy team.

Justin Draeger: Welcome back everyone. Last week we were, we weren't off, we were busy. There was too much happening.

Allie Arcese: Yeah, there was a lot going on.

Justin Draeger: Last week was our Legislative and Leadership Conference, we had record numbers of people here, so I think we had 420 some people in town. That's our biggest fly-in, they went up to the hill in two groups. So you, Megan, and Rachel, you guys worked with one group. How'd that go?

Megan Coval: Good, it was great. We definitely had at least upwards of 200 there, I would say.

Rachel Gentry: Yup.

Megan Coval: On the hill. All met with their individual representatives and senators, had some talking points that we prepped them on the day before and it was good.

Justin Draeger: You guys do a debrief, people always come back pretty excited I feel, from those debriefs.

Rachel Gentry: Yeah. It was great we had at least four or five people say that their actual member of Congress was there and they were able to meet with them and get a picture

Justin Draeger: And that's pretty...

Rachel Gentry: Never happens for us.

Justin Draeger: It's unique.

Megan Coval: And it was the day of the impeachment hearing so that was also a little extra excitement, we had our room taken over by all the democratic senators who were meeting together to huddle beforehand, so we tried to bust into that room and they were like, you don't belong in here.

Rachel Gentry: But then we got to see all these senators which was fun.

Justin Draeger: Yeah, that's the unexpected joy of being up on Capitol Hill, you never know who you're going to run into or what's going on and then the next day or maybe the day after that, what day did you guys go to the Hill, Tuesday or Wednesday?

Megan Coval: Wednesday.

Justin Draeger: Okay, so the very next day then we had our inaugural Executive Roundtable, this is made up of principals and financial aid offices, we had a day of programming that was running concurrent when you guys were up on the Hill, they went up to the Hill the next day and we had some staffers stop by. Chairman Bobby Scott stopped by and talked to them a little bit about his reauthorization bill, and then representative Rosa DeLauro from, she's from Connecticut, stopped by, she's the chairwoman of the subcommittee on appropriations for, what health, education, labor, so she's the one who is fighting for funding for our programs. And her counterpart, I should say representative.

Megan Coval: Cole

Justin Draeger: Cole is also a supporter of the student aid programs. So we're lucky in having two people that support student aid there.

So for those of you who are interested next year, look out for an opening. We do have to cap sometimes, the number of people who can come to our Roundtable is capped at 50, we also had a new track, it was our compliance management, which isn't how to be compliant, it's how to manage compliance on campus. No school is 100% compliant, I don't think it's possible in this day and age, but how do you manage risk. Where do you put resources, how do you determine how you're going to figure out and develop a comprehensive compliance plan, so those are the topics in it and that one had over 100 people in it.

Anyway, good week, prevented us from being here to do the podcast but we're back this week and it seems like there's a lot happening. So let's jump right in to our schedule today, couple things we want to talk about. I think there is some frustration, I just got back from the SASFAA, the Southern Association’s regional conference and people were talking about some frustrating things that are going on at the department, I want to start with some of those right off the bat. It used to be called the Informed Borrower Tool and now it's called the Annual Student Loan Acknowledgement. I think this was first announced at FSA, if I'm remembering correctly and the idea here is, I think everybody's up to speed, but the idea here is going forward students or borrowers are going to have to go out to the Department of Education's website and they're going to have to acknowledge the total amount of debt that they have. This isn't too dissimilar from the annual debt letters that were made famous out of Indiana and then other states started picking it up.

So when this came out, our membership was really split. Some people were really supportive of this idea, some people saw it as just another barrier, another bureaucratic thing that's not going to amount to a whole. It's hard to argue with the fact that it's a good idea for students to know how much total debt they've accumulated. The problem that I feel like we're experiencing here, and it's something we've started talking to the Department about but we need to have more conversations, is that rocky roll outs create unnecessary enemies between the department and schools.

I'll just use a couple minor examples that separately aren't a big deal but in the aggregate start to add up to a big deal. One is it was first called the Informed Borrower Tool and then somewhere along the lines it was changed to Annual Student Loan Acknowledgement. In the meantime, schools had already put together consumer disclosures and sent them out, telling students to be on the lookout for this. This is a good example of Master Calendar that says that the Department can't put together final regulations before November one and have them go into effect until July the following year.

So this is not regulation, but I think we should get on the same page that it's a good idea to follow Master Calendar whenever you can. So when something's announced at FSA at the end of November and December and it's like "this is going to be implemented and required for all fall enrollments" and then you change the tool name halfway through and then you say it's not going to be ready until April. Meanwhile, schools have already started processing MPNs for next year, especially large schools. So schools are going to have to go back and reprogram, they have no way in their systems right now to even track this and as I understand it the Department's going to be turning over system requirements to software providers in April. As if the software providers can then flip a switch and turn this all on the next week.

Anyone who's involved in any programming knows that's not how it works, so I think the big outstanding question for the Department is how strict are we going to be on this requirement, because I can easily foresee a situation now where we get in to April, and I'll also point out that near as I can tell the Department changed its wording here. They used to say April, now they're saying spring. Spring goes to June 21 technically, so I guess I'm just wondering to what extent do we want a smooth roll out where schools can get on board with this, they're approaching this with good intent, but we don't have disbursement disruptions. Because I don't know, call me crazy, but having watched these sorts of things unfold for the last 15 years since I've been in D.C., I can easily imagine a scenario where the Department says it must be done, schools and software providers just don't have the time to do it right, and disbursements are made or not made or on hold and then I feel, all it takes is one student contacting the press to say "I can't get my money" and yada yada yada.

Megan Coval: And this generally okay idea, and that's your point, then becomes this major point of frustration and it's,…

Justin Draeger: Rocky implementation makes good policy bad.

Megan Coval: And then you risk just scrapping everything.

Justin Draeger: Yeah, and you end up with schools so frustrated they then turn around and advocate against what is probably a fine policy idea. But I've got to say, I caught a significant earful from frustrated aid administrators at this regional conference about this tool. So we're going to have to do some outreach here and hope for a smooth roll out. And since the implementation date is so squishy I think it's reasonable to say to the Department "we need some squishy-ness" then on how schools implement that and the requirements there.

So we have that. Another frustration. This last week IFAP, Information for Financial Aid Professionals, links all changed. So it was a system wide change on all of the links related to IFAP. Now this causes major frustrations here at NASFAA because we have so many practitioner tools that link directly back to the department that are now completely broken. And the Department had given notice months ago that "oh we're going to be doing this thing" but then they gave basically three days' notice when they actually did the thing. And so there's some frustration here with the association and our members are frustrated because when you look at AskRegs or the Student Aid Index, the links to IFAP are not currently working because they implemented a global change.

Then for schools though, schools in their own P&Ps have IFAP links all over their policy and procedure manuals that also now do not work. And so we inquired about the department. To their credit they did get back to us right away and they just basically said "yes we made these changes, maybe there's something we can do" we're still trying to evaluate all of that.

And then one other thing which is, let me ask you a question. When you do a search for the Department of Ed materials, what's your method. You need to find some Department of Ed document.

Rachel Gentry: I usually start with the Google.

Justin Draeger: Right of course. That's how everybody searches everything. That's how people search the NASFAA site.

Allie Arcese: I admit it, sometimes our NASFAA stuff, I type NASFAA this and Google,

Justin Draeger: I'm not offended.

Allie Arcese: That's what I always do.

Justin Draeger: When I'm looking for the college financing sheet, I always start with Google. And then I type in ed.gov and I just get the department links. Well the problem with the IFAP change is now every Google link is broken as well. I went looking for a

Department of Ed document yesterday afternoon, went to Google as I, and probably 10 billion other people, well I guess seven billion, but all these other people do, you maybe type in ifap.ed.gov and then the document you're looking for. Because the IFAP search sucks and I'll say the NASFAA search leaves a bit to be desired as well, I mean I'm frustrated by NASFAA's search, but this is sort of endemic to most websites. That's why you always go to Google. And they're all broken.

I mean this is crazy. I just feel foul about all of it. We're trying to find out from our Department of Ed colleagues what can be done, how we can quickly solve the NASFAA links and then for all the schools who have contacted us about all their policy and procedure links, now they have to go back and update.

Here's the thing. It feels insular. We take two steps forward and one step back with our federal colleagues and I just have to wonder does anybody have any sense of what the partners are going through. When you take a change and you're "we're going to change every link on our entire site. How could this possibly affect anybody."

Megan Coval: Yeah, that's the thing and having no IT experience, right. You just think here would have been someone that would have been "let's put in a redirect."

Justin Draeger: Yes. Or how about we put out the requirements a couple weeks before and say, "hey we're going to change everything, here's going to be the new file structure" or the URL structure or something.” Google I don't care about they're going to re-index everything, who knows how many weeks that'll take but they'll be up to speed. But NASFAA and all the schools will be doing this manually.

Allie Bidwell: Yeah, and IFAP did something similar not that long ago too,

Justin Draeger: Was it a year or two ago?

Allie Bidwell: Not even two years ago, I think it was within the last year where they changed something, it was dropping the S from the http or something like that.

Justin Draeger: Here's why people end up despising federal agencies. Because it feels like they do whatever the hell they want and they don't care. It comes across as we do not care. So we tell you, you have a requirement to implement in six months the Informed Borrower Tool. Halfway through we change the name of it entirely.

Allie Bidwell: Did they even tell people that they had changed the name, or did someone just stumble across that?

Justin Draeger: I can't remember.

Megan Coval: I couldn't even find it.

Megan Coval: You asked that question yesterday and I was like "Informed Borrower Tool?"

Justin Draeger: I can't say. I know nobody reached out to me. And then it's sort of "and we'll have it out ready for you in April, well the software providers will have it in April." So five months before we'll have let's say 30,000 students, my software provider's going to have it turned around in two weeks?

Meanwhile, I'll have already processed MPNs for next year.

Allie Arcese: What a time to be alive.

Rachel Gentry: I feel like I've just been shaking my head for five minutes.

Justin Draeger: And usually when I go on a rant, I feel catharsis afterwards, I just don't. It just feels very insular and this is why I think people get so frustrated. Alright. Rachel is the Trump budget going to make me feel any better?

Rachel Gentry: It probably isn't.

Justin Draeger: Alright.

Rachel Gentry: On a really cheery note.

Justin Draeger: So this was the budget week, you want to catch us up? Where are we?

Rachel Gentry: Yeah, so on Monday, President Trump released his budget request, it became public. As part of the budget process, the President has to send a request to Congress saying here are my budget and spending priorities. His proposal cut $5.6 billion to the Department of Education, as far as student aid goes.

Justin Draeger: Is that consistent with previous years?

Allie Arcese: It's a little less, I think.

Rachel Gentry: Yeah, I think it might be a little bit less.

Justin Draeger: Yay. Smaller cuts

Rachel Gentry: Do we celebrate that?

Justin Draeger: I don't know either.

Rachel Gentry: We need something.

Justin Draeger: Give me something.

Rachel Gentry: I'm not going to give you something quite yet but as far as student aid, the proposal would eliminate a FSEOG, would cut Federal Work-Study.

Justin Draeger: So I just want to point out one thing. FSEOG has been on the table for legislative proposals too, the difference is they say they're going to cut FSEOG and put all the funding into Work-Study. This would eliminate one and cut the other.

Rachel Gentry: Yeah. I don't have the quote in front of me but the actual document said something to the tune of "FSEOG is just duplicative, the Pell Grant already serves these students," but in reality students can get up to $4,000 additional, which I thought the rationale was kind of

Justin Draeger: Flimsy?

Rachel Gentry: Was definitely flawed in my humble opinion.

Megan Coval: Flimsy at best.

Rachel Gentry: It would also cut Federal Work-Study to $500 million which is a 58% reduction compared to this year. It also includes some language that indicates support for limiting FWS only to undergraduates, eliminate subsidized loans, eliminates Public Service Loan Forgiveness, so kind of just slashes across the board. The one place where we didn't see cuts necessarily was with the Pell Grant, so the proposal would fund the fiscal year 2021 max Pell at $6,345 which is the same amount that Congress allocated for fiscal year 2020 max award. So Megan and I were actually talking about this yesterday, flat funded so it's not a cut, but I'm not sure if we really want to be celebrating flat funding, we want to see increases every year, so,

Justin Draeger: You know, in some environments, eight, nine, 10 years ago at the height of the recession, holding steady was a victory but when the economy continues to grow and we can afford these trillion dollar tax cuts but we can't afford a slight increase in the Pell Grant maximum. I don't think we can celebrate that flat funding.

Similar cuts have been proposed in the President's budget in the past, these are sort of carry forwards. Also, with the budget there's also these policy statements that I don't know if there's funding attached to but one of them has to do with reorganizing FSA. This is a new one right? Allie you want to catch us up?

Allie Arcese: Yeah, so this was an idea that was similarly first floated at FSA's training conference in the fall,

Justin Draeger: By the secretary herself.

Allie Arcese: Yes. She referenced NASFAA but the budget includes language to evaluate the idea of FSA being a standalone agency to be able to better perform its role as a Performance-Based Organization to have independent oversight. The independent oversight is something that NASFAA proposed but we didn't suggest making FSA a standalone agency, separate,

Justin Draeger: We didn't say not to, we didn't say do.

Allie Arcese: Yeah we didn't say it.

Justin Draeger: We didn't say anything about that piece. But governance is something we've been interested, we proposed a model that included a board of directors appointed by Republicans and Democrats that would be made up of stakeholders to the extent that their policy and their budget, Allie assume did not really provide a detailed roadmap here.

Allie Arcese: No. It was one sentence.

Justin Draeger: Yeah.

Allie Arcese: That was very hard to find.

Justin Draeger: But I do think that it's significant that this is in the budget because we don't know what's going to happen with the next election but once something is in the president's budget, Republican, Democratic, doesn't matter, it stays in the budget. This becomes an official policy position. So putting it in writing in the budget means they're serious about look at FSA reform and just based on all the frustrations we talked about at the top of the podcast, I'm not saying that governance is going to fix all of these but I actually do think it addresses some of the fact that it feels like stakeholders are not taken into account when these sorts of changes are put in to place.

Justin Draeger: So I'm all for it. Yay. Yes, governance reform. I'm all for it.

Allie Arcese: Good news.

Justin Draeger: Alright, one other thing that seemed to spur a lot of comments in our community, I heard quite a bit about this at SASFAA, the president, I think for the first time, proposed limits on borrowing for graduates and parents.

Allie Arcese: Yes.

Justin Draeger: Megan, you want to catch us up?

Megan Coval: Yep. This year the president's budget proposed limiting graduate loan borrowing to $50,000 annual limit and $100,000 aggregate limit. So that would be significantly lower than what students can borrow now at the cost of attendance. And also parents, they proposed an aggregate limit of $26,500 per student is the way you can think about it and the way they arrived at that number is it's the difference between the independent undergraduate limit and the dependent undergraduate limit. So just subtracting that to get the $26,500.

Justin Draeger: So the parent would basically be stepping in to the independent student role.

Megan Coval: Essentially.

Justin Draeger: And be capped at what an independent would be capped at.

Megan Coval: Well the difference.

Justin Draeger: So I didn't hear much about the parent cap piece, although that might have slipped under the radar for a lot of people I know that there'll be schools that are concerned about that. Let's talk a little about the parent borrowing and then we'll move on to the graduate one which did spur a lot of comment.

So we did an op-ed it was a little while ago in *Inside Higher Ed* but we kind of signaled that there's a problem in the Parent PLUS Loan market. Some of the issues were that, and we've talked about this for some time, that Parent PLUS Loans, parents have no debt to income ratio when they're taking out their loan, so you could have a parent that's not increasing their ability to earn, take out a very significant PLUS Loan that they may or may not be able to afford but it's given to them because they have no adverse credit. That's not a good safety check, right?

Megan Coval: Yeah.

Justin Draeger: And then if you dig into the data even deeper and we sent a letter up to Sen. Warren who had requested information on racial disparities in student lending. When you dig into the data even more deeply you find that a program that was meant to be progressive starts to look awfully regressive if you're putting in particular minority students and parents into debt that they may not be able to afford back. And *The Wall Street Journal* has since done several pieces on distress in the PLUS Loan market. Higher delinquencies and potentially defaults.

Megan Coval: And just a couple weeks ago I think Trellis put out a report with the most recent data, all trending that way to even worse.

Justin Draeger: And in PLUS Loan data, for parents has not been readily transparent and available over the years so I think we have to acknowledge as a community there's a problem in the Parent PLUS Loan market. Now I'm not sure this is the solution, but I think the signal, and see if you agree Megan, the signal is people are taking note.

Megan Coval: Yeah.

Justin Draeger: The administration has taken note, Department of Ed officials are taking note. There's a problem and we need to address it in some way. What I've talked about is more of at least some sort of acknowledgement of how much they can repay, maybe not a traditional private loan under writing, but something. I'm not sure this is the solution but people are turning their attention this way.

Megan Coval: No I agree. The way to respond is you either set lower limits or stricter underwriting criteria and they've taken the first path here. Something needs to be done here and the administration is signaling they agree.

Justin Draeger: Alright, let's turn to the graduate students for just a second. So what's some of the feedback that we're getting back from members.

Megan Coval: Yeah I think there are a lot of concerns from our graduate student community that we are completely on board with cuts or we've given in to what's been proposed before and I think some of the feedback we heard this week was just focusing that we should really stand our ground and not give in to limits or offer suggestions for limits.

Justin Draeger: Yeah. I've also heard people postulate that by capping graduate student debt that we'll be reintroducing the private student loan market in a more significant way. I mean that certainly could happen although I'm not sure that's certainly the impetus for all of this. While this is new for the Trump administration to propose I wouldn't say the idea of capping graduate students is new at all. So walk us through, what are some of the…

Megan Coval: Yeah. I was thinking about this this morning actually. So the first person to seriously put this in a legislative proposal was Sen. Alexander back in 2014 when he did, not a comprehensive HEA draft but there was a lot in there and he suggested capping graduate borrowing that we also saw in the PROSPER ACT, Republicans' house bill from December 2019, capping graduate borrowing. Folks on the Hill are interested, they're concerned, there's a lot of talk about it on the Hill, even outside of the proposals themselves, there have been whole hearings that have been related to this issue and it's very much intertwined with concerns about PSLF, so I do think that that's a fair point that you have to parse out when people are critiquing, what are they upset about. How PSLF works or the unlimited at the cost of attendance borrowing with grad PLUS loans but regardless there is concern out there and I think in any HEA bill we'll probably see some sort of proposal that touches it in some way.

Justin Draeger: Yeah, you mentioned Lamar Alexander, obviously very prominent Republican, but I'm glad you mention this tie in to Public Service Loan Forgiveness and even income-based loan forgiveness because those do cost money and if you estimate that only this amount of people, a small amount of people are actually going to qualify for it but then it turns out a lot more people are going to qualify, the costs of a program go up significantly and so even in the Obama administration, in Obama's budget he was proposing not caps on grad student borrowing amounts, but caps on the amount that could be forgiven. And so that would basically tie graduate students to repaying significantly larger portions of their loans if they didn't qualify for public service loan forgiveness or they exceeded the cap.

One other thing that sort of leaves the graduate student population open to critique is that subsidy level. So, let's say that on an annual basis we are providing 20, let's say $30 billion a year to undergraduates in the Pell Grant program. But then over time we end up subsidizing graduate students, and I know they don't receive subsidized loans, I'm talking about subsidized in terms of income-based repayment and loan forgiveness. We end up subsidizing graduate students to the tune of I don't know, $40 billion a year or I actually do have some real numbers here we can talk about in a second, but there's the subsidy that's happening then, but it's happening all on the back end which is not an effective way to provide college access or even graduate school access. Grants do a much better job of providing access. But the point is that people make the argument then that all of our subsidies are going to graduate students or a larger portion are going to graduate students when our focus as a nation has been on undergraduate.

I don't mean to stoke a debate about which is more valuable, I just mean to acknowledge the reality that by and large we've been focusing on undergrad, which is the pipeline to graduate school. And when these huge subsidy shifts start to swing I think it leaves the graduate program open to this sort of critique. And we've seen the writing on the wall of this for a long time and we've kind of delved into this with some of our own members.

Megan Coval: Yeah and I think one thing I just wanted to mention is we do not officially endorse the Trump administration budget proposal here on this and we did reference back to a report that we did in 2017 which was a white paper so a little bit different that the other ways that we put forward recommendations just sort of to spur discussion.

Justin Draeger: We didn't say "this is our position."

Megan Coval: Right. We basically saw the writing on the wall and left like if we were going to engage in this conversation at all we have to come up with some sort of alternative. The other option is to simply say "we're not engaging on this" and then we could end up with something really, really bad.

Justin Draeger: Yeah, this is the age-old policy issue that we struggle with all the time and people can debate but if you want to say "we're not willing to engage in a conversation" then you have taken yourself out of effectuating any change. Now sometimes that's appropriate, we don't engage in conversations about how to cut student aid program funding that Rachel just reviewed. If you want to cut the Pell Grant, we're not your people. But if these conversations are happening and will happen, we can either engage in them or we can sit on the sidelines. But the conversations happen regardless and they happened in the Obama administration and they're happening in the Trump administration and they're happening on Capitol Hill. So how do we engage in them? I mean I know they weren't recommendations but what did our group come up with?

Megan Coval: I think it's worth saying this group started by saying we want the federal government to be the primary vehicle for graduate loans, that's important to us. This group proposed having a base amount of $30,000 and then you could borrow up to a cost of attendance and that part would be underwritten. A very minimal underwriting standard like FHA, first-time home buyer loans and they didn't say even that was the perfect one, they just said for example. So that way you could put a little bit more protection into the program, but still make sure that at the very least the student can get 30k.

Justin Draeger: And when we ran our numbers on the $30,000 base loan limit we found that for the majority of graduate students, that would actually be enough and the Trump administration is proposing a $50,000 cap and a $100,000 aggregate for grad students. Now clearly that's not going to be enough for high cost medical programs and I think there are legitimate questions we would have about, well what if you're a medical doctor, this is not going to cover it. Is the idea to send all medical students into private student loan debt? That's untenable. But at $30,000 for most students, leaving out medical for a second, it actually was covering them at the time we did our report.

Megan Coval: That's what it showed.

Justin Draeger: I think the other big question here is then where is this budget going. Where does it go from here?

Megan Coval: So the next step of the process is the President sends this to Congress and from there on the budget and appropriations committees both in the House and Senate respectively decide what they want to do and if we can look to history as a predictor the last several years of the Trump administration, Congress has effectively rebuked almost everything the president has proposed so eliminate FSEOG, give you increases, cut Work-Study, give you increases, and the loan limit piece. A lot of these things we're talking about limiting loans, yes, but it's also a policy change right and Congress shies away, generally, from making policy changes on budget bills, especially with an HEA in the forefront, so nowhere. Long answer, nowhere.

Justin Draeger: We don't feel like this is going anywhere if, now let's talk after the next election if this administration stays I think the things they've put in as policy proposals based on the makeup of Congress and then you start talking about is there a path forward. At this point in an election year with a divided Congress, nobody in this room is saying it. Is that fair?

Rachel Gentry: I mean I saw an article this morning that after the President puts out their budget, both chambers of Congress create budget resolutions which essentially is "okay now here are what our general spending priorities are" and I saw an article this morning that Mitch McConnell said he's not going to bring a budget resolution to the floor so that process is probably,

Justin Draeger: Which is almost business as usual for the Senate anyway, they're not even doing it.

Megan Coval: Right. I was just going to say too, we were just talking about President Trump's budget also, but this happens all the time, right? Most of the time, I would say probably 90% of the stuff that any president puts in their budget proposal isn't what ends up in the final budget.

Allie Arcese: It's a wish list.

Megan Coval: It's a political document.

Justin Draeger: Right on the heels of this budget, this report was released by the Congressional Budget Office just yesterday and less people think this is political, this adds some legs to the conversation we just had about graduate borrowing because the Congressional Budget Office is a non-partisan agency. They work for Congress and their sole purpose is to try and figure out how much things cost. So they look at historical data, they try to then come up with projections and you're always making assumptions in there so yes, it's very easy to attack methodology on projected costs. That said, every time we've worked with the Congressional Budget Office, and we did a lot of work with them a prior year, I can truthfully say they approach their work in a non-partisan way, they really are trying to get the facts and trying to come up with a realistic model and a projection.

I've never seen from the Congressional Budget Office, now Congress is, whether you agree with whatever they came out with or not, they're often accused of being political, but they're not. They work for Congress, whoever's. They came out with a report yesterday that looked at income-based repayment and some of the cost associated with it and I think this is going to generate some press because I do think the results, just the stark findings in income-based repayment and how much it's going to cost has changed so much recently and how much they're projecting it's going to cost in the next 10 years. So for example, enrollment in income-driven repayment programs started at 11% of undergraduate borrowers in 2010, up to 25% in 2017, so basically we went from 1 in 10 to 1 in 4, are now on income-based repayment.

And then during the same time, and this is why this gets at the graduate borrowing, at the same time in that period graduate students were enrolling in income-based repayment 6%, so that's less than 1 in 10, to today 40%. So we're talking about 4 in 10, or 2 out of 5 of graduate students are now on income-based repayment. And so they tried to model out in the next 10 years they expect the government to loan another trillion dollars in student loans. So in 10 years, if you're keeping track, that's two and a half trillion dollars in loan debt.

But another trillion dollars and so half of those loans they suspect, of the next trillion that's going to be outlaid, nearly half, they think, will be paid back through income-driven repayment. So that's $490 billion and then, so the question is, how much should be forgiven? And not necessarily through Public Service Loan Forgiveness just forgiven through the end of the income-driven repayment plan process. They think $200 billion of that trillion, so that's one out of every five dollars will be forgiven, not paid back. And then of that $200 billion, almost $170 billion of that forgiveness will go to graduate students. So this is what I'm talking about. This program was designed as a safety net and it's looking more and more like it's becoming the standard for students which we talked about that. We've talked about "well what if everybody was income-driven" but the problem is if you're going to go that route, if that's the direction we want to go that's an entirely different policy conversation. If everybody's in income-driven, then you talk about things like automatic payroll reduction. You might not have forgiveness.

Megan Coval: Yeah, that's what I was thinking.

Justin Draeger: At the end of that. I mean if you're looking at an Australian model,

Megan Coval: They don't…

Justin Draeger: Right. They don't have a 20-year forgiveness piece. I guess my point is that that's a fine conversation to have if that's where you're going, but you restructure the loan programs then. They don't exist the way they would exist today. What's happening is we're moving to that but it's not by policy design. So it's having all these other unintended consequences.

One other thing just in terms of cost to taxpayers, in terms of cost for every dollar dispersed, the government is projected to lose 17 cents for every dollar for loans that are paid back through income-driven repayment plan. For people that are in the standard 10-year amortized repayment, the government earns 13 cents. Now I know that we would say government really shouldn't be earning or only earning enough to pay for the administration of the program but losing 17 cents per dollar is a cost and that cost ultimately is going to have to be borne somewhere. Anyway.

Megan Coval: I just looked at the high level summary in this report but do we think that increase has to do with, there's been a lot of, Ed has I think, stepped up their communication about the availability of income-based repayment, particularly within the Obama administration that was a big thing for them, let's let more people know about it. I wonder if it's that or simply just more need for that?

Justin Draeger: Well,

Megan Coval: People are borrowing more?

Justin Draeger: The challenge is that the economy is booming. So what happens when we go into the next recession? I would suspect more and more people would be signing up for income, that would drive the cost higher. The other thing is we talked with, when Jill was here, we talked about a report that she had gone to a policy briefing and we talked about the idea that students aren't necessarily thinking out that far like, "oh, I'm going to borrow this much because I'm for sure going into income-driven repayment and seeking forgiveness." We got a fair number of comments back from members about "oh at my school, at my population, that's definitely impacting borrowing."

Megan Coval: They are thinking about that.

Justin Draeger: Yes. Now I think that's probably fair depending on your student population, I'm thinking about MBA students. I mean, most MBA students are probably a little more informed than the average student about what is my future prospects look like. I don't know, it's problematic at the very least. It feels like a heavy week to me.

Megan Coval: I do. I feel that.

Justin Draeger: Just for people on the Informed Borrower Tool, now called the Annual Student Loan Acknowledgement, we do plan to have more information on that, we have several questions over to the department, so hopefully next week or in a future podcast we can sort of address some of those and obviously we'll put anything we know in *Today's News* and so it's been a heavy week, Allie, you're going to lighten this up for us, right? What do you have for us?

Allie Arcese: Yeah, it's been a few weeks since we've had a real listener question, so this week's is "what have been your best and worst Valentine's Day experiences?"

Justin Draeger: I may be the oldest person on this podcast. I've definitely the person who's been married the longest in this room. I can't recall a single Valentine's Day. Good or bad.

Allie Arcese: I was going to say, mine have been very mediocre.

Justin Draeger: But in my defense, our anniversary is the month before this, it's in January,

Rachel Gentry: Okay.

Megan Coval: So it's a lot.

Justin Draeger: Well, the anniversary is really where we're celebrating.

Allie Arcese: It's a made-up holiday, I'll say it.

Rachel Gentry: But do you always celebrate it? Is it always like "oh it's Valentine's Day. We should do something," or,

Justin Draeger: Not at all. This year we are.

Allie Arcese: And it's a Friday.

Justin Draeger: Maybe that's it. Because it is a Friday.

Allie Arcese: We, last year started this tradition where I was like "oh it would be nice if we treated each other to a massage" so we're going to go get massages this weekend.

Justin Draeger: You guys are going to give each other massages?

Allie Arcese: No, we're going to go get like a real massage.

Justin Draeger: This feels really personal. Have you ever had a couples massage before?

Allie Arcese: No.

Justin Draeger: Have you had a couple's massage before?

Megan Coval: Yes.

Justin Draeger: Were you in the same room together?

Megan Coval: Yes.

Justin Draeger: How was that for you? Because I've also done this and I don't know, "okay there's two people giving you a massage, you're in the same room, are you supposed to have a conversation with each other or no?"

Megan Coval: I was just going to bring up that point, I want quiet.

Allie Arcese: I'd think no.

Rachel Gentry: I'd rather be by myself.

Justin Draeger: So you feel no obligation to, even if you're alone, to speak to the person who's providing the service?

Megan Coval: Well, a little bit.

Justin Draeger: Do you feel any guilt how they must be so bored right now.

Allie Arcese: No.

Justin Draeger: You don't feel that at all?

Megan Coval: You're paying them.

Allie Arcese: No, I don't feel like they should talk to you, no.

Megan Coval: It's about relaxing.

Justin Draeger: So what about your Uber driver, do you feel like you should talk to them?

Rachel Gentry: Not necessarily.

Justin Draeger: I do.

Allie Arcese: Oh you're the worst.

Rachel Gentry: But those are very different situations.

Justin Draeger: But if I had a masseuse, because your Uber driver's not massaging you?

Rachel Gentry: Yeah. Hopefully.

Justin Draeger: If I was one, Uber driver's rating you too, so there's that. You want to get picked up in the future, so if you have low ratings. But the second thing is with the masseuse, maybe if I had a masseuse who that was my only time I was ever going to deal with that person, fine. But if I'm a repeat customer, I have a regular masseuse I do feel like I should say something.

Allie Arcese: Yeah. That's different.

Megan Coval: I have one story.

Justin Draeger: Okay, go ahead.

Megan Coval: This was before I met Nick, I was on eHarmony, I think people still use eHarmony, but I did it for a little bit

Rachel Gentry: That's cute.

Allie Arcese: I met Pascal on Match.

Justin Draeger: This is amazing. Keep going.

Megan Coval: And it was Valentine's Day and I had never, I remember because I walked from the old office and I had this date with this guy but it was a first date, which now that I think about it, having that on Valentine’s Day is sort of, Justin Draeger: A lot of pressure.

Allie Arcese: It's a lot of expectations.

Megan Coval: And I was walking there and on the way this guy was bringing out flowers in a big box into an office building and he forgot his keys in his car and he turned around and the box smacked me in the face. And I was like "I'm fine" but I wasn't fine and then by the time I got to the restaurant I had a little cut and it was bleeding a little bit and I went in and this guy was there that I never met before and I was like "hi" and I had to get help from the restaurant and blah blah blah.

Justin Draeger: And it didn't work out and then you married.

Megan Coval: Yeah. But I remember it was Valentine's Day because of the accident with the flowers.

Justin Draeger: Wow.

Allie Arcese: That could be the beginning of a romcom, woman going on first date and gets hit in the face with flowers.

Justin Draeger: Kind of anticlimactic that it ended after that.

Allie Arcese: So if you have any interesting Valentine's Day experiences you want to share, send them in.

Justin Draeger: Higher ed tie ins always appreciated.

Allie Arcese: Most romantic gift is repaying someone's student loans.

Megan Coval: Yes.

Justin Draeger: That's what I always say. Alright, thanks everybody for joining for another edition of “Off The Cuff,” remember subscribe, tell a friend and send us your Valentine's Day story and we'll see you next time.