

NASFAA's "Off The Cuff" Podcast - Episode 192 Transcript

Speaker 1:

Today's episode of "Off The Cuff" is brought to you by Blue Icon Advisors, NASFAA's financial aid consulting service for colleges, universities, and career schools. When you work with Blue Icon, you gain access to top financial aid and enrollment management professionals. For every project, we match you with a consultant to evaluate your needs and deliver an action plan.

Our trusted team of advisors is ready to work on your policies and procedures, conduct operational evaluations, deliver custom training, and provide leadership coaching and consultation on financial aid and enrollment management issues. Head to nasfaa.org/blueicon to find out how we can help you meet your short-term and long-term goals.

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.

Rachel Gentry:

I'm Rachel Gentry with our policy team.

Jill Desjean:

And I'm Jill Desjean also with our policy team.

Justin Draeger:

Welcome back everybody. Rachel, welcome back to the podcast, it's been a while, so we're glad you're with us.

Rachel Gentry:

Thank you, it's good to be back.

Justin Draeger:

Yeah. Are you in DC, or are you in North Carolina... Where are you at these days?

Rachel Gentry:

I am in DC, mere miles from the NASFAA office, but in DC.

Justin Draeger:

All right. The NASFAA office is growing by leaps and bounds in terms of people coming in. Today, we had one extra person, and so there's three of us in the office... four.

Rachel Gentry:

But that's growth of... what? 25%?

Justin Draeger:

This is exponential.

Allie Arcese:

200%.

Justin Draeger:

Yeah, this is exponential. Next week, we're going to have 16 and then 32, and then it'll be larger than the entire NASFAA staff, the following week. And I know this is like, now that we're doing this remotely, people might not realize that we have this whole thing, we record on a setup, and then we're on Zoom on a different program, and then we have microphones and... it's a whole thing now.

Allie Arcese:

It's interesting that recording remotely has actually become, I would say, maybe a little bit more difficult than what we were doing in the office. Initially, at the beginning of the pandemic, we just went straight Zoom, which was sufficient, but the audio quality wasn't super great. So we brought in the microphones and brought in the recording on a different program, zooming on a different program, all that. And there's just so many things to connect and set up, sometimes when I join on a Zoom meeting and I don't have my podcast microphone plugged in, I'm trying to use my computer microphone, it defaults to a different microphone that I don't even have plugged in, and I don't think is even in my house, but I used once, three years ago in the NASFAA office, and it just remembers it.

Justin Draeger:

Yeah, I have these... How many different things in my house have to have a Bluetooth speaker as part of its functionality. My wife has an alarm clock that if I'm in the basement on my phone, and I'm watching a video and I don't have audio, it could be playing on one of seven devices somewhere in the house.

Allie Arcese:

Oh man. No, you know what?

Justin Draeger:

... including waking up my wife-

Allie Arcese:

Bluetooth is dangerous.

Justin Draeger:

... who is not pleasant when you wake her up early.

Allie Arcese:

I feel that. Bluetooth is dangerous, though. I occasionally have taken Pascal's car because that's the one that was in our driveway when I needed to run out, and he's been inside our house on a call, and his cell phone is hooked up to the Bluetooth in his car, and because the car is close enough to the house, I guess it transferred the call to his car when I was in it. And so he was on a meeting, and all these people were

like, "Pascal, Pascal?" and I was like, "I'm sorry, it'll drop back in a minute and go back to Pascal. This isn't Pascal."

Justin Draeger:

Yes, it's a total mess. Everything is connected to my phone, and it's going every which direction except where I want it to go. So the sooner we can get the Bill Gates... injecting a chip directly into my brain, so I can better communicate with my devices, even if-

Allie Arcese:

And then no one's going to need microphones.

Rachel Gentry:

You don't need a device.

Justin Draeger:

Yeah, right. Even if he can track me, I don't care, I'll take the convenience of just knowing where my audio is going at any given time. That also made me think at the beginning of the pandemic, when we all thought this was going to be like, oh, we're going to shut down for four weeks, and then life will go back to normal. We're going to bend the curve, and then the pandemic's going to be gone.

Allie Arcese:

LOL.

Justin Draeger:

Right, LOL. It was like we put up with a lot of temporary inconveniences, and then you sort of settled in. Jill, I did want to ask, because I've noticed you've indicated on multiple occasions that you have an uncomfortable chair at home, but then I think I'm weighing that against you like the effort of coming into the office to get a comfortable chair. So is this like a struggle going on at your place? Because I've heard you say that your chairs not comfortable, and then I'm like, reach out to Jill and see if she wants to take a chair, because they're not being used here and then you never do and I'm like... I have this guess that Jill's got an internal struggle. How uncomfortable is my back versus me driving into the office to haul a chair home?

Jill Desjean:

Yeah, yeah. It's not very far especially without traffic, and Summer said she would-

Justin Draeger:

People might not know, you literally used to walk to work, like jog to work.

Jill Desjean:

Yeah. It's six or seven miles. It's not far in a car, it's far to run. Summer said she would bring it down to me right out to the front of the building, she'd load it up my car for me, and I could turn this around in probably 40 minutes. I just can't pull the trigger, and I don't know why. It just seems like, I go out so little now, that whenever there's anything that involves like going somewhere and doing a thing, I'm like, is it worth it?

Justin Draeger:

Oh, it's monumental, yes.

Rachel Gentry:

I think it's also an admission. For me, I put it off for a long time because I was like, this will be over soon, and so when I started doing things to make my work-from-home setup more comfortable, it was like, I was admitting yes, we are in it for the long haul. It is worth it to go get the chair, but for six months, I was like, I don't need that, because I'll be back soon enough. And then I was like, okay, my back cannot take this anymore day.

Allie Arcese:

The day I bought a desk was like... I had some feelings.

Justin Draeger:

It was an acceptance of where we are, now I will be working-

Allie Arcese:

But I didn't buy a nice desk. I bought a really cheap desk that I almost broke moving out of our apartment, and I duct taped it back together. So I feel like that's something.

Justin Draeger:

I can appreciate the thriftiness. In our house, Deann and I both need separate offices, so... this is going to sound... I have the real office, the actual office in the house, and Deann has the sitting room in our bedroom, and she's doing what you're doing Allie. So she's finding all of these add-ons, and taking neighborhood junk that's being offered on Facebook-

Allie Arcese:

Yes, Buy Nothing.

Justin Draeger:

...and so every time I go into the bedroom-

Allie Arcese:

Is she on a Buy Nothing group?

Justin Draeger:

Well, there's-

Rachel Gentry:

I was just about to say Buy Nothing.

Justin Draeger:

Now we've got folding tables, card tables set up, and she's got like a U shape... The other day, she had to work late and I was like, I need to go to bed and you're in the bedroom. So I hung up a blanket using staples. So we've really... We are definitely-

Allie Arcese:

Sounds like summer camp.

Justin Draeger:

Well, like my office, I don't hesitate. My convenience is important. So I'll go spend my own money on like, I need a nice desk, I need a nice chair, I need all this stuff, but Deann's just cobbling together, and now there's a blanket separating the sitting room. It's... I don't know. It feels like I've taken a big step backwards into my twenties.

Allie Arcese:

I am with Deann, because you can probably hear my chair squeaking, which is also on its last legs.

Justin Draeger:

What's that Rachel?

Rachel Gentry:

I feel you on the card tables. I feel like early in COVID, well, before we move into our new apartment, Alec was like, we need more surfaces. We just don't have enough surfaces. And his parents sent us home with two or three card tables that we had like set up all over. Do you want to work outside? There's a standing one. It was probably April, and had this, this is not working moment. So we just had these janky little card tables set up all over the place.

Justin Draeger:

Yeah, I hate card tables. They're not even good at cards. They're just not good, but they're all over my bedroom now.

Rachel Gentry:

I love them. You take it anywhere.

Justin Draeger:

Right, because where don't you need a table?

Allie Arcese:

I would love to work outside, but the bugs now.

Justin Draeger:

Well I'll say one other thing. My son is in track, which did any of you run track?

Rachel Gentry:

I did cross country.

Jill Desjean:

Yeah.

Justin Draeger:

Okay, well, track, if you recall, it's super chill. I'd say it's the direct opposite of football. Football's like pseudo military, which he also did, and it's not suited his personality. Track is like laid back, but the meets are four hours, and there's three hours between these events. So maybe a card table would have been helpful last night as I sat for three and a half hours to watch him run a total of 65 seconds between two events.

Allie Arcese:

That actually sounds very similar to swim team. Extremely long-

Justin Draeger:

A lot of sitting around?

Rachel Gentry:

Yeah.

Allie Arcese:

Extremely long meets, very long breaks between events.

Rachel Gentry:

I spent a lot of time underneath bleachers at my sibling swim meets playing like Mancala by myself.

Allie Arcese:

I love that game!

Justin Draeger:

I don't know what that is, but I will say in the eighties, under the bleachers is the last place you would have children.

Rachel Gentry:

That was classic youngest child just thrown aside, that was entertaining themselves through the next 17 hours at this swim meet.

Allie Arcese:

All right. Well, we've got a good agenda today. Some things happening in Washington, D.C., Allie, let's start with member feedback.

Allie Arcese:

Sure. So last week we asked, when you talk to yourself, do you do it in first, second or third person? And Justin, you had a theory that women more often speak to themselves in third person... or in first person-

Justin Draeger:

I thought maybe more in first and second.

Allie Arcese:

... first and second, and men more in third person.

Justin Draeger:

Dissociative, yeah.

Allie Arcese:

Joan Zanders wrote in, and she said, "Just this week, I realized I was talking to myself first person in song."

Justin Draeger:

Whoa. That's next level.

Allie Arcese:

I know. She said her playlist is Raindrops Keep Falling on my Head, with this line, always front and center, "I'm never going to stop the rain by complaining." It helps me focus on solutions.

Justin Draeger:

Oh, that's helpful. Okay, thank you, Joan.

Allie Arcese:

Amanda Peterson said she's with Justin. "I too refer to myself in third person, particularly when running or doing something difficult. I've heard it referred to as distanced self-talk. It helps me detach from something that is hard, and I think provides more clarity. However, I also use it when I have done something stupid." I feel that. "Maybe because I don't want to admit that it was really me."

Justin Draeger:

That can be healthy. I'm okay with that. All right. Thank you.

Allie Arcese:

Lastly Brad Williams says, "When I talk to myself, the voice in my head keeps it very simple. W-W-J-D. What would Justin do?"

Justin Draeger:

Wow. Brad, I don't know if we know each other or not, but I don't think you want to be asking yourself that question.

Jill Desjean:

Or at least follow the advice.

Justin Draeger:

Well, JD also could be Jill Desjean, as we talked about previously, when I did used to steal Jill's creamer in the office because she had the same initials as I did. All right. Keep sending us your comments. We can read them on the air. Let's keep going. This last week, pretty big news out of Federal Student Aid. News we've been waiting for, for quite a while, since the resignation of the last chief operating officer at Federal Student Aid. Richard Cordray was announced. So let me just start by asking Rachel, what do you know about Richard Cordray? You heard about Richard Cordray. And did you look this up? Did you cheat when I signaled here-

Rachel Gentry:

I did not. I will say there's at least some of these things that I did not know until after he was announced.

Justin Draeger:

Okay.

Rachel Gentry:

So I knew before the announcement that he was the Director of the Consumer Financial Protection Bureau, or previously had been director. I think-

Justin Draeger:

First director. It was the first director of the agency, and remember this was a very partisan construct-

Allie Arcese:

He was the first ever... Well, I guess it's not that old.

Justin Draeger:

Yeah, he was the first, that's right. Yep.

Rachel Gentry:

I think I learned after his appointment was announced, that he was previously the Attorney General of Ohio. Following his announcement, I know that Elizabeth Warren is a big fan and tweeted her support of his appointment, and I know that Congresswoman Virginia Fox was not happy, which there probably aren't too many things that Senator Warren and Congresswoman Fox agree on. So that probably isn't really anything new, but I think Congresswoman Fox may have called him something like a failed Democrat politician. Those are my main takeaways of what I know about him as of currently.

Justin Draeger:

Well, just to make sure we have the record straight, you're right. The ranking member in the House Education Committee, Virginia Fox, Republican from North Carolina, did say, a \$1.5 trillion student loan portfolio requires savvy financial management. She said, "I am skeptical that a failed Democrat politician who has had a history of getting consumed by politics instead of caring for consumers, has the capability and serious character required to carry out the duties of COO of FSA." She does not mince words. And to some extent, the part I will agree with here is, he is a bit of a partisan pick. I mean, he is lauded by progressives, particularly hardcore progressives, we'll talk about that in just a second. A former political animal when he was the attorney general, and then ran for governor in Ohio and didn't win, against Mike DeWine.

Allie Arcese:

And at the CFPB. They went after Navient, Corinthian.

Justin Draeger:

Right. Very much in the wool of Elizabeth Warren, who, as you pointed out Rachel, is a big fan. So Jill, let me ask you then, when you think about the chief operating officer at FSA, what are the duties, qualifications, that you would think of for that position?

Jill Desjean:

I guess thinking selfishly from the NASFAA point of view, certainly someone who understands the nature of that relationship between FSA and institutions of higher education, financial aid offices, that weird thing where you're relying on guidance from FSA, but also FSA is in charge of oversight, and understanding the nuance there and understanding that it's a partnership. So I'd look for someone like that, but certainly someone who understands the student loan programs, given that the student loan programs are the biggest part of FSA's portfolio. Someone who is familiar with them, someone who's committed to managing them well, especially things that have had problems in the past like student loan forgiveness, public service, or a time-based forgiveness, where we're seeing that people just aren't getting forgiveness who otherwise qualify for it. Cleaning up servicing, stuff like that.

Justin Draeger:

Yeah, I would agree with all of that. The other thing I might add to that, I'm not going to do a whole history lesson, so don't fret people, but as a reminder, FSA has only existed since the late nineties, and at that point it was sort of lifted out of the Department of Education to be the functional and operational arm of the department. So this is when we were moving to... we had the unified FAFSA, we were talking about, this is sort of when we unveiled all this ideas about common origination and disbursement, all this started coming out of this operation side. So this was really a bureaucratic, I don't mean that in a detrimental or inflammatory way, but it was a bureaucratic office. And Jill, the only thing I would add to what you said is, besides knowledge of the student aid programs and the various players involved, might be familiarity with federal procurement process and contract because they would have contractors, pretty large contractors, that do things like construct the FAFSA and process data and collect on student loans now.

Justin Draeger:

Richard Cordray is not that person. And I do wonder if this signals... We've talked about for a long time, student loans and student financial aid have sort of been this niche industry for a very long time. And then over the last decade, as student loans continue to grow at a really fast rate, it's become too politically hot for this to remain a niche bureaucratic position. And I do feel like the appointment of Richard Cordray is an acknowledgement of this extra skill set, that at least this administration, and I do wonder future administrations will acknowledge, which is the political savviness piece. Because Richard Cordray is a political animal, he understands how D.C. works politically. I'm not sure and maybe confident that he understands the ins and outs of the student aid programs, but he certainly understands student loan debt, because he worked on those issues when he was at the CFPB.

Justin Draeger:

This is definitely going to be a little bit different, and I looked back at some of what Mr. Cordray has said about student loans, the most recent thing that he talked about was, "The domino effect of student

debt burdens and loan servicing problems are holding back the upcoming generation and hampering the economy." He wrote that in his 2020 book called Watchdog. A lot of people in student aid might be going and picking up that book to understand a little bit better about where FSA stands. The other interesting thing is that FSA has always been reports to the secretary, that continues to be true, but the head of FSA, in terms of political clout and connections to lawmakers, is probably higher than the current secretary, and I don't mean that as any offense intended for secretary Cardona, but Richard Cordray is a pretty big name in progressive circles and in democratic circles and on Capitol Hill.

Justin Draeger:

This is going to be a little bit of a different shift in the balance of power between these two agencies that already are just a little bit... It's always been a little bit nebulous, in terms of how the Department of Education oversees or works with Federal Student Aid. There's going to be a lot going on, and even from the most progressive groups, I'm looking at folks who... Randi Weingarten from the American Federation of Teachers said that his appointment shows that the administration is ready to take bold action and be a true partner to address the student debt crisis. As you pointed out Rachel, Senator Elizabeth Warren is a ally of Richard Cordray.

Justin Draeger:

And then some of the more progressive groups in D.C. have talked about that the single quote, this is from Jeff Hauser, Executive Director of Revolving Door Project, a progressive group inside the works, inside the beltway here, he said, "The single most important job in the executive branch is canceling student loan debt." And they're calling on Richard Cordray to play a major role in that. For our part, I'll just say we welcome any chief operating officer. We'll work with any appointee, and we look forward to working on two major issues, which is onboarding 40 million plus borrowers into repayment in just a few months, and these FAFSA changes, which is just too easy to sort of put in the back seat and not think about, because it's 18 months out, but these are huge changes that we need FSA to be focusing on right now. Let's keep going here. Rachel, speaking of secretary Cardona, he just spoke recently at Education Writers Association and in a hearing in the house of representatives, you want to catch us up on what he said?

Rachel Gentry:

Yeah. So it was definitely a busy week for the secretary. So on Monday, he spoke at a seminar hosted by the Education Writers Association and took questions while he was visiting a community college in Maryland. And in those remarks, he largely praised the administration's American Families Plan, and touched on a few different pieces of his higher education policy agenda. One thing he mentioned was the proposal to offer free community college, that was included in the American Families Plan. Related to student loans, he said that ED would be looking into addressing issues of Public Service Loan Forgiveness program and the Borrower Defense implementation. One of the things that stuck out to me is that he also gave a nod towards the possibility of extending the current moratorium on student loan, interest, accrual, and payments.

Rachel Gentry:

He said it was, I think the term he used was conceivable, for the suspension to be extended beyond September 30th of this year, and that they'd kind of be looking at the data and keeping an eye on how the recovery from the pandemic is going. My takeaway was that it's not out of the question in ED's eyes. Right now it's September 30th, but he did mention, I think perhaps most of interest to us is that, he

mentioned that ED would be increasing their communication with borrowers as we get closer to repayment resuming, which is something that NASFAA, along with a number of other organizations included in the memo that we sent about ensuring a smooth repayment, that we sent to ED back in March.

Justin Draeger:

As a reminder, Rachel, for those who are listening, we joined with a couple other groups and talked about some of the steps the department should be taking today, or maybe rather yesterday, about direct outreach to borrowers, segmenting borrowers into risk pools and making sure our risky students and parent populations are taken care of, and have a very long runway as they launch back into repayment. And that includes time to get them into deferments or forbearances and things that will continue to protect them as they move forward.

Rachel Gentry:

Right. I think the secretary said, "We know it's not just a switch that you can turn on. We know that there has to be an on-ramp." So I think it is encouraging to hear him acknowledge that, but as you said, Justin, I think we feel that should already be happening, and that process should be starting.

Justin Draeger:

Yeah. And that on-ramp, isn't just for the borrowers, servicers have... They get compensated based on active servicing. They've also had to sort of downshift a little bit, this has been reported on in the press, so they need to ramp back up, hire new people. And you can't just hire folks who have no familiarity with the student loan programs, they're so complex. As we've gone around and visited servicers, we've seen their training programs, which are weeks long, Jill, you and I went into one servicing facility where they talked about the number of weeks it takes to get people who can counsel students, because there are so many different ins and outs of these repayment plans. All of that is going to require a ramp up, not just a switch.

Allie Arcese:

I was just going to say the other side of the coin to that is the whole discussion around whether any form of debt relief will happen. And we're still waiting on a memo from the White House to see, that's examining what, if any authority, the white house has to cancel student loan debt. So secretary Cardona said that there's not a specific timeline yet for when that memo might come out, but there is a great sense of urgency. And tacked on to that, he also did mention that they're hoping that the confirmation of James Kvaal, who's going to be the undersecretary, happens soon. Recently, his nomination was moved forward from the Senate Education Committee, so we're just waiting on a full Senate vote for that.

Justin Draeger:

Is that scheduled? Is that in the next week?

Allie Arcese:

It is not yet officially scheduled, the Senate has been on recess and they come back into session on Monday, so it should be scheduled sometime soon, but it sounds like the earliest they could vote on it would be next week.

Justin Draeger:

Got it. Anything else that he talked about?

Rachel Gentry:

Yeah. I think related to what Allie just said, I think something that I found interesting that he mentioned, when talking about student debt and kind of the potential for cancellation and how the administration is going to handle this, is the idea that he wants to look at where the root causes of the current student debt crisis and understand why are we in this situation? I think he used the term, "so we can figure out how to stop the bleeding." And I think that does kind of align with some of the things that you talked about in your article earlier this year Justin, is this idea that student debt forgiveness on a broad scale, absent, systemic change to address kind of the root causes that got us to this point isn't really going to probably be serving students in the long-term. So I thought that was interesting. Just that he's certainly talking about reforms to the system, to repayment, but also thinking about the college affordability at a higher level, and what are the parts of our current system that have led us to this point.

Justin Draeger:

Well, we look forward to hearing more from secretary Cardona on those topics, because obviously we are interested in systemic reform that doesn't put us right back into a \$1.6 trillion deficit across 45 million different borrowers. Thank you very much, Rachel. So what ED... so secretary Cardona was also called before the budget committee to talk about president Biden's latest budget proposal, anything interesting there on higher ED?

Rachel Gentry:

Yeah, that's right. So he appeared before the House Appropriations Labor-H subcommittee and gave his testimony on the administration's budget request for the Department of Education. As a reminder, we've only seen the administration's discretionary funding requests. So we haven't seen program levels for SEOG or federal work study, but at kind of a high level, the request included a 41% increase for the Department of Education, so that's very substantial. A lot of the questions and the discussion in the hearing on Wednesday were focused around K-12, in particularly school reopenings, but there were several higher education mentions. Congresswoman Rosa DeLauro, who chairs the subcommittee and the full appropriations committee, touched on the budget requests, investment in community colleges, and spoke generally about the importance of community colleges in serving traditionally underserved students.

Rachel Gentry:

I think one of the more notable quotes came from Congressman Tom Cole, who is a Republican from Oklahoma, who also serves as the ranking member of the subcommittee, and Congressman Cole expressed opposition to the overall funding increase in the administration's request. I think he called it unnecessary, irresponsible, and unacceptable. So clearly not in support of the 41% increase to the department's overall funding, but putting that aside, he did also express support for the \$400 increase to the maximum Pell grant. There were a few different areas that kind of emerged as areas where we may see some bipartisan support, and I think it's encouraging to see Pell included as one of those.

Justin Draeger:

I think you're exactly right. And sometimes it's just so easy for people to fall into partisan lines, this group, good, this group, bad. Representative Cole and representative DeLauro have a long history of

working together. I've actually seen them at... together speaking, I've seen them at breakfast together, where they've... breakfast meetings where they've spoken, and they both speak very highly of supporting early childhood education, Pell grants, and post-secondary education.

Rachel Gentry:

Students with disabilities is another one.

Justin Draeger:

Yeah, he's a friend of the student aid programs, but I think he's captured the sentiment of his party, which is, 41% increase is a pretty significant increase, and probably not at the top of the Republican spending order it at this moment. He also mentioned in there, I think, the Defense Department, right?

Rachel Gentry:

Right.

Justin Draeger:

Which is sort of traditional talking points from both sides of the aisle here.

Rachel Gentry:

Yeah, I think he said, my party would prefer to have make cuts and have a bigger defense budget and, to the secretary, your department would be at the top of that list. So he was pretty clear on that. And I think otherwise, he really largely reiterated his comments from the EWA webinar earlier in the week around finding some solutions to the issues with PSLF and borrower defense. To Allie's point, he did again mention the importance of getting the undersecretary and the new FSA chief in place. I think it's become pretty clear that those are going to be two positions that he relies on when it comes to taking a closer look at these higher ED student aid, student debt issues. So I thought it was interesting that in both of his public appearances this week, he really talked about wanting to get James Kvaal confirmed, so they can start digging in more deeply to these issues.

Justin Draeger:

Okay. Thank you very much, Rachel. Let's keep going here. One of the things they talked about in the hearing that got a little bit of a press and some attention on Capitol Hill this last week was, I guess, a report issued at the Department of Education on student loan budget projections, and whether the taxpayers are actually earning or losing money on student loans. Allie, you wanna catch us up?

Allie Arcese:

Yeah. So this was an article published recently in the Wall Street Journal that the backstory is former education, Secretary Betsy DeVos, reached out to someone to evaluate the student loan portfolio and whether the federal government was making money or losing money as repayments were coming in. And this is something that has actually been a discussion for a long time. Some Democrats have consistently maintained that the government makes money off of student loans. For example, things like origination fees, and this analysis actually found that due to the way that repayments were coming in and scheduled loan forgiveness, that the government was actually losing money on the student loan programs, and that hundreds of billions of dollars would be on the backs of taxpayers. Honestly, this is part of the reason I went into journalism, I would be lying if I said this wasn't the case, but you just don't

want to deal with math. It really comes down to different ways of calculating this, because folks at the OMB said the calculation is incorrect. It was coming from someone in the private sector. That's not how the federal government budgets.

Justin Draeger:

Yeah. So we used to have budget arguments between the Fed on the DL program, which actually cost or saved money. Now the argument is about collections, and at the point of the contention is, one of the old talking points from budget assumptions, is that the tools at the disposal of the Department of Education say, or the federal government say, that if you default, we still collect. And so, unlike the private sector, when you have a default, that debt gets wiped away, you can't really collect on it. You might get pennies on the dollar that was lent. The talking point has always been in the federal loan programs. If you default, we still collect. And so they're collecting upwards of 90 cents on every dollar that's lent, even if it defaults, but what the private sector analysis was showing was their contention is, no, the federal government's losing a lot more.

Justin Draeger:

And to that end, I will just say, we've seen actually downgrades in recent years from OMB, or CBO, on how much we are earning on the loan programs, but I don't think it's gone in a negative territory, and as you pointed out Allie, the folks at OMB are contesting this analysis. So the report's public, right? And I suppose this is going to come up time and time again.

Allie Arcese:

It is not, actually.

Justin Draeger:

Oh, it's not public.

Allie Arcese:

It is not.

Justin Draeger:

So somebody leaked it from the Wall Street Journal?

Allie Arcese:

So, yes. It was given to the Wall Street Journal. It was reviewed by the reporter there, and actually part of the controversy is that the Biden administration kinda killed it and did not release it, specifically because they were saying it was a flawed analysis.

Justin Draeger:

Yeah. Well, I suspect it will become public soon.

Allie Arcese:

In some way, yeah, we'll see it.

Justin Draeger:

In some way. Officially or unofficially. We're going to hear about this for a long time in future hearings, I have no doubt. All right. Thank you very much, Allie. Jill let's catch up. Sounds like there was a flurry of legislations in the last few weeks, all focused on transparency. Catch us up.

Jill Desjean:

Yeah. Yeah. Last week was a busy week in the financial aid transparency legislation world, at least for three senators. Iowa's two Republican senators, Grassley and Ernst, along with a democratic colleague, Senator Smith of Minnesota, introduced three bills related to transparency around financial aid, college costs, and student loans. And so the first one was the Net Price Calculator Improvement Act, which as everyone knows, the net price calculator requirement has been in place since 2011. This just kind of tweaks the NPC requirement. It would require schools to have to have their net price calculator on every page that a student would be looking for cost information, as opposed to now, where it needs to be just somewhere on your website, prominently displayed, blah, blah, blah. The big thing it would do would be to authorize the Department of Education to create a universal calculator for students to be able to get cost estimates from schools right now, students go to the navigator site, or the college scorecard, or they go to individual school sites to access their net price calculator.

Jill Desjean:

So if you go to the scorecard, you actually look up the school, then you click on a link to go to that school's calculator. This would be a place where they could enter all of their information, and then select schools, and then get net prices for all those schools in one place. So sounds really complicated, but it sounds like it'd be a nice thing. The other one was The Know Before You Owe Federal Student Loan Act, which we've seen before, and this one would require loan counseling, not just for the first disbursement of the first loan that a student receives, but before the first disbursement of any student loan that the student receives, even if it were in the same academic year. So if a student borrowed a sub loan at the beginning of the year and decided to take a little bit more later on and it had to originate a new loan, it would require a new counseling.

Justin Draeger:

So this is for new loans. Is it for fall and winter? If it's the same loan, but it's-

Jill Desjean:

The first disbursement only. So if you had a loan that was going to disperse in the fall, in the spring, you'd be okay. But if the student came back and wanted to borrow more, then you had to create a new loan.

Justin Draeger:

Is this like Azla... is this basically codifying in law what they wanted to do with the annual student loan acknowledgement?

Jill Desjean:

Yeah, essentially. Annual counseling as opposed to one time.

Justin Draeger:

Yeah. Our position has always been schools should be able to require loan counseling, but maybe we don't need to require it of every single borrower, give some discretion to the school there. Okay. What's the next one?

Jill Desjean:

The last one is the Understanding The True Cost of College Act. This is basically a creating a standardized financial aid offer. It would standardize both language and format. This bill is really prescriptive as to what the aid offer would have to include and what it would look like, specifies where certain financial aid items need to appear in the aid offer, with separate headings for different aid types. It would require that work-study be listed separately from other aid, and also require disclosures about work-study that a position isn't guaranteed. An explanation about the way that work-study is paid out. That it's not disbursed all at the beginning of the term, but it's paid out as earnings. Wouldn't allow plus loans to be packaged on the financial aid offer, parent or grad. They could be listed as alternative options, but no dollar amounts could be provided, so just be sort of a financing option. And it adds a bunch of disclosures, things like, how to renew your aid eligibility, the fact that aid can change from year to year, all of that would need to be included on the aid offer as well.

Justin Draeger:

It's sort of interesting because we've seen enough examples over the years of schools that unfortunately don't have very clear aid offers, that I think the NASFAA board is acquiesced to the fact that we do need some legislation to help clear this up. Unfortunately, I don't think it's this bill that is so prescriptive. We have another bill that we've worked with that that does get it clarity around aid offers, right?

Jill Desjean:

Yeah. The one that NASFAA has support is called the FACT act, and that was introduced by representatives Trahan of Massachusetts and Smucker of Pennsylvania.

Justin Draeger:

So bipartisan?

Jill Desjean:

Bipartisan, yep. And it focuses more on standardization of terms, but leaves flexibility in there as far as format to accommodate different schools' calendars, and the different ways that they structure their aid packages to make it the most student friendly as it can be without a template.

Justin Draeger:

Okay. So we readily agree that there's some work that needs to be done here. We have it in our Code of Conduct, some legislation is necessary, but we're hoping to see a little bit of flexibility infused into these transparency bills. Thanks very much. Jill. We'll keep our eyes on that and let our members know when things are moving down the pike. Let's go to our, What Was That this week? Allie, I'm going to turn it over to you.

Allie Arcese:

Okay. So our What Was That for the week is, is anyone nervous about or do you think the so-called Cicada-Palooza is overblown? Does anyone have a story about a general phobia of bugs? When I saw

we... so every week Hugh or Owen, whoever's producing, gives us like a couple options for our What Was That question, and this one resonated with me on a deep level, because the one thing I still can't get over after moving to the East coast, like eight years ago, is all the bugs. There's so many bugs out here that we just don't get in California, and it's excessive, and they're all gross, and I think they know that I'm not used to them because they come after me.

Rachel Gentry:

Just come to the south, Allie, it's a whole different-

Justin Draeger:

Yeah. It gets worse the further towards the Caribbean that you move. But Allie-

Allie Arcese:

I would love to go work outside on my deck right now, but there's a tree in our backyard that arches over the deck, which is really beautiful, and when I moved in, I was like, this is so great. It's not great in the spring. There's spiders. And all these-

Justin Draeger:

Well, the cockroaches in California though, would rival any other cockroach I've seen in any other part of the country.

Allie Arcese:

Are we saying that cockroaches are more prevalent in California?

Justin Draeger:

I've lived in California, and I-

Allie Arcese:

I never had cockroaches in my house in California. I've had cockroaches out here. In an eighth floor apartment, I had a cockroach.

Rachel Gentry:

My question before I answered the question was going for the group, I was just curious, have you all been around cicadas a lot? It's just kind of a new thing?

Allie Arcese:

When was the last time they were out?

Justin Draeger:

It was 2004, right?

Jill Desjean:

Every 17 years.

Rachel Gentry:

So y'all have never been around cicadas?

Justin Draeger:

I do not remember this ever being a thing before. I don't know why it's such a big deal this year. Jill, do you remember? I don't remember anything about this.

Jill Desjean:

I wasn't living in this area. They are limited to below a certain latitude, and I was living above that. There are no cicadas in Massachusetts, I was actually in New York at the time, but in the city and there are a lot of trees there. I think that might be right on the cusp of the zone. My husband's from Jersey, and they have the nice annual cicadas that just chirp at night, and don't freak you out. He didn't remember the 17... Well, I guess he was with me 17 years ago, and he didn't remember the 17 years before that having some plague of gigantic cicadas raining down from the trees, but he doesn't remember a lot from childhood. It could have been really bad.

Rachel Gentry:

I feel like cicadas were a big thing, growing up in North Carolina, not like the plague of them that we're about to have, but I remember them frequently, and just seeing their skeletons lying around, and being around extremely loud ones. Maybe five years ago, I was sitting on a porch in North Carolina at night, in the summer with a couple of friends, playing a board game, and there was literally one, and it was so loud that we had to go inside. Just one. So I'm not actively anxious about it, but I am a little nervous because if one is that loud, what are thousands?

Justin Draeger:

I worry about... They fly around, so I'm a little worried about bicycle... Since I bicycle in and out of work, I'm a little worried about... I mean, I've had bumblebees flying in my mouth and sting me, and none of that is pleasant, and getting hit by a bug at 30 miles an hour is also not pleasant. But-

Jill Desjean:

And these are big bugs.

Rachel Gentry:

Yeah, they're big.

Justin Draeger:

Yeah, they're big and ugly. But I also don't know... and Hugh, who's producing this week. Hugh, are you a journalism major? I can't remember. Yeah, you are. Okay. So I mean, I don't mean to offend in any way, but local news to me is like a carnival. I love it. I love watching my local news stations, but they make the biggest deals out of local stuff, and I just can't tell if the cicada thing is totally overblown, or if this is going to be legitimately something to worry about. But the local news, this is all they talk about. This is every day. This is top of the hour, maybe second or third in the hour. But I don't know, the local news people are going bananas about it.

Jill Desjean:

Yeah, I can confirm that there are... how many of them there are, because my little neighbor was outside and I was like, oh, what are you doing? And she said she was digging up cicadas and, oh, isn't she cute? She's not going to get a bug. And within a minute, she had four of them. She was just randomly digging holes, and every time she'd dug a hole, she'd dug up a Cicada.

Justin Draeger:

Are these going to destroy our lawns?

Jill Desjean:

They're going to eat the leaves in the trees, I don't know about the lawn.

Justin Draeger:

Well, I actually would be all right with that because I need more sun in my backyard, but I do spend some money on my lawn every year. and I'm not for having my lawn destroyed.

Rachel Gentry:

I saw on Twitter, somebody, I forget who it was, somebody tweeted that they saw a bunch of tunnels in their yard, so I don't know if that will impact the way it looks or if it's just a structural thing underneath much. I don't know.

Justin Draeger:

Well, we're going to get through this. If we can get through a pandemic, we're going to... Is this all summer, or is this a few weeks? How long is this thing?

Jill Desjean:

Few weeks. Yeah

Rachel Gentry:

It should be short term.

Justin Draeger:

Okay. All right. Send us your bug stories, remember to subscribe, tell a friend, we will see you again, next week.