

# NASFAA's "Off The Cuff" Podcast - Episode 197 Transcript

Speaker 1:

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Justin Draeger:

Hey everyone. Welcome to another edition of Off the Cuff. I'm Justin Draeger.

Owen Daugherty:

I'm Owen Daugherty with the communications team.

Megan Coval:

I'm Megan Coval with our policy team.

Jill Desjean:

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

Justin Draeger:

Welcome, everybody. I want to give a quick shout out to Discover Student Loans who are sponsoring this podcast this week, so thank you to them. Welcome, everybody, it's been two weeks. I was out on vacation back in my stomping grounds, in Ohio and Michigan, this last week. And vacations have been sort of here and there through the pandemic, so now we're like fully vaxxed and we went back, and circulating for graduation parties for nephews, and seeing grandparents. And it was nice, but there's nothing like being back in your own bed. I love it. I love it, but I'm glad to be back in my own bed. Also, do you see these papers flying around behind me?

Megan Coval:

Yeah.

Jill Desjean:

Mm-hmm (affirmative).

Justin Draeger:

So, this morning I came into the office, it was 76 degrees and I was like, "Hey, we have functioning air conditioning. Yes?" And so they turned on the air conditioning. They turned... This is what I'm saying with our office. It's either like a 100 degrees or it's 50 degrees. Look at this, the air conditioning is so high.

Jill Desjean:

Yeah. You're wearing your work sweater,

Justin Draeger:

Right, I'm wearing a work sweater-

Jill Desjean:

You look like me.

Justin Draeger:

And there's literally papers flying around.

Megan Coval:

I mean, when you said-

Jill Desjean:

Oh, I'm glad I'm not there.

Megan Coval:

... 76 degrees, I think, I'll speak for myself, but Jill's probably included, I was like, that sounds amazing. That's just right.

Jill Desjean:

Yes, that's where my air conditioner is set. I have it set to 76, like a nice take the edge off, but not cold.

Justin Draeger:

76 is your air conditioning?

Jill Desjean:

Yeah.

Justin Draeger:

That is absurd.

Jill Desjean:

Just takes out the humidity. You don't need to be... You don't need papers flying around behind you. That's too much.

Justin Draeger:

Well, it is too much. It is too much, but I also can't go back and be like, "Hey, turn that air conditioning down."

Jill Desjean:

No.

Justin Draeger:

Because, it'll be 80 degrees in two hours.

Megan Coval:

Yeah.

Justin Draeger:

Speaking of staying cool, last time we had the podcast, we talked about favorite ice creams and that generated some comments. But our friend down from Valencia, Dan Barkowitz sent us a fake blizzard mix and match accessory that he had shipped to us. There's also a doll inside.

Jill Desjean:

Oh, hey.

Justin Draeger:

And so Megan or Jill, my kids might be a little too old for this. I think my youngest son, Archer, would be confused if I gave this to him.

Megan Coval:

That's very cute. That little mini fake blizzard, it looks like... I thought maybe it was an ornament for a second.

Justin Draeger:

I mean, you could hang this from a tree. I mean, I don't think it's meant for that, but you could.

Megan Coval:

I'm intrigued by the doll, also.

Justin Draeger:

Well, Dan said, when he reached out to us, he did say like, "I'm sending you something," and he said alluded to something about like ice cream. And I was very concerned, because I was heading out of the office the next day. I thought you two weren't here. And I was like, did this guy ship us ice cream? Because, nobody's going to be there to actually get the ice cream.

Megan Coval:

Another missed treat. The cupcakes. That's very cute. I like it. Thank you, Dan.

Justin Draeger:

We also heard from the former MASFAA mid-west president, he reminded me that they were the ones who sent me the cupcakes that I was supposed to bring back to you-

Megan Coval:

Oh, yeah.

Justin Draeger:

... and it just didn't happen. So I will make it up for you, one day. Don't hold your breath, but it will happen. Put it in the bank, I promise, so we'll get for you.

Megan Coval:

All right.

Jill Desjean:

Noted.

Megan Coval:

Justin where's Allie!?

Justin Draeger:

Well, that's a good question. Owen, and what are you doing here? Where's a where's Allie this week.

Owen Daugherty:

I am filling in at least this week and for the foreseeable future for our trusted boss as she is out on maternity leave for a few weeks. So as producer, I'm filling in this week, and Hugh we'll do the other weeks. But it's just us holding down the fort on the communications team for a weeks.

Justin Draeger:

Wait a minute, so Allie's pregnant.

Owen Daugherty:

So I've heard.

Justin Draeger:

Yeah. Well we haven't-

Megan Coval:

We haven't seen her.

Justin Draeger:

So I actually have seen her, she lives out in the burbs. So when we had the staff virtual, what was that? Like a baby shower? I did run over there and actually dropped my gift off in person.

Megan Coval:

That's nice.

Justin Draeger:

Which was a baby wet wipe warmer for babies. That's my-

Jill Desjean:

Oh, yeah, that's my favorite.

Justin Draeger:

Yeah. That's-

Owen Daugherty:

It's the go-to.

Justin Draeger:

... my go-to.

Megan Coval:

Yeah. Yeah.

Justin Draeger:

Because I think it's cruel to wipe a baby's butt in middle of the night with a cold wipe.

Megan Coval:

It's not good for you either.

Justin Draeger:

That's not good for you either. It's traumatizing for the baby, the baby screaming. It should be warm. I have strong feelings about that. What were you going to say Owen?

Owen Daugherty:

Well, I should have dropped my gift off in person. I got her one that wasn't on the registry and I like got an email notification that it was delivered on a Monday, Monday passes, Tuesday passes, Wednesday passes. I've just heard nothing from her that like, she got it. And I'm like, do I pester my boss? Like, "Hey, did you get my gift?" And it wasn't until like the next week, she was like, "It got buried in a pile. Thank you so much." But yeah, it was a whole week and I was like, wow, did it not get to her? How do I follow up? And-

Justin Draeger:

Yeah. That's an ethical quandary, because then it seems like you're just jonesing for the thank you.

Owen Daugherty:

Mm-hmm.

Jill Desjean:

Mm-hmm.

Justin Draeger:

But what you really want to know is-

Owen Daugherty:

Did it get there.

Justin Draeger:

... did this get delivered.

Megan Coval:

Did it make it?

Justin Draeger:

... to the right house?

Owen Daugherty:

Right.

Justin Draeger:

Well, going off registry is awfully daring. What did you do? Because she explicitly said, "This is what I want." And then you were like, I got a better idea. So that takes a little bit of chutzpah, so I'm curious what, what it was that you got her?

Owen Daugherty:

I leaned in to just knowing that she was a journalist at heart and I went to... The New York Times as a really cool store, and it was like a baby bib. And it said, "This meal is off the record."

Megan Coval:

Ah.

Justin Draeger:

Ah. That's very thoughtful.

Owen Daugherty:

I thought she's like it.

Megan Coval:

Yeah.

Jill Desjean:

Wow.

Justin Draeger:

Yeah.

Owen Daugherty:

You can always have more baby bibs. And, yeah, just like leaning into what little I know about Allie as a journalist, and I thought she'd like that.

Justin Draeger:

Yeah. Well, I give you points for that. Oh, and I think that was probably a good choice. Knowing Allie, I think she would've liked that.

Owen Daugherty:

Yeah. I think she liked it.

Justin Draeger:

So Allie is like having a baby. She'll be back in several months. In the meantime, we're going to have Owen and some other folks joining us. So welcome aboard, Owen. With that, Owen, I think we're going to turn to you. What do you got from member comments this week?

Owen Daugherty:

A lot of ice cream comments, so people were vocal-

Justin Draeger:

We really struck a nerve.

Owen Daugherty:

... about it. Cherie [Honnell 00:07:06] said, "Just want to say kudos to Justin for liking vanilla and chocolate swirl ice cream, and not liking cold coffee." So someone in your corner on that.

Justin Draeger:

Thank you.

Owen Daugherty:

Robin Filippone said, "Soft serve ice cream is great, but have you tried Let's Dough Buffalo? It's both cookie dough and cookies and cream, all in one, fabulous. And birthday cake flavor is wonderful." And then she wrote in parentheses, "I love ice cream. Can you tell?"

Justin Draeger:

When I heard, what is that called? Buffalo Dough.

Owen Daugherty:

Let's Dough Buffalo.

Justin Draeger:

Okay. What's the Buffalo part? Because I immediately thought of Buffalo wings, and I would not want that in an ice cream flavor.

Megan Coval:

So it's cookies and cream, and cookie dough.

Justin Draeger:

Okay.

Megan Coval:

Yeah. I don't know the Buffalo, yeah, connection.

Justin Draeger:

I will say one of the things that I loved about going back to Ohio is that we did get soft serve ice cream. I got a small and it was bigger than my head. And I did get the chocolate and vanilla swirled as usual. And when I got it, I was like, "I'm not going to eat all this. Obviously, I'm not going to eat all this." And then fast forward, 10 minutes later, I'm like, "I feel sick." So, all right, anything other than ice cream Owen? Or did we just strike a nerve on the ice cream front?

Owen Daugherty:

Yeah. So Linda Ebel said, "Gainful employment has caused some headaches, either all schools should be reporting or none," in her opinion. "Degree programs become concerned only when it affected their certificate programs. Many could opt out of offering them to avoid the burden of reopening. Thanks so much for hearing my concern." And then she made a ice cream related pun, "Ice cream, you scream, we all dread the thought of gainful employment returning."

Justin Draeger:

Megan, you and I were talking to some folks on the Hill about unintended consequences sometimes of legislation regulation. This is a good one. How many public, four-year public, and maybe even two year publics, divested of non-degree programs the last time gainful employment came around, just because they did not want to deal with gainful employment. Just completely got out of it, which is not like the... Avoiding regulation is not the primary reason, I think, you want quality schools dropping programs, but schools have to operate within margins and they try to add up the cost of adding or maintaining programs. And regulatory burden is one of those costs that they have to factor in. So it's a good point, Linda.

Justin Draeger:

All right, let's keep moving. We got a lot to talk about today with FAFSA implementations and congressional updates, some news on bootcamps and private financing and borrower defense claims. Jill, why don't you start us off? We have some news breaking from this last week on some FAFSA implementation timing.

Jill Desjean:

Yeah. Yeah. So if you recall, there were a handful of provisions in the FAFSA simplification act that were slated for early implementation at the department's discretion. And so we had been waiting to see if the department might be able to early implement those. And this week, they came out with a handful of announcements about how they would be handling the early implementation of those provisions.

Jill Desjean:

So the first one was the repeal of Title IV aid eligibility for students who either failed to register with Selective Service or who had prior drug convictions. And so they announced that the Selective Service/drug conviction repeal would be a phased implementation. So it'll be effective today, actually. The federal register notice came out this morning, Thursday, June 17th, and it will be for the current 2021-22 award year. It is not a full implementation, it's going to be a little messy for the first couple of years.

Jill Desjean:

This year, those questions are still going to remain on the FAFSA, because, of course, the FAFSA out there already, the database matches cannot be turned off, so those will continue to happen. C-Codes will still show up on SARs and ISIRs, and the comment code text associated with those C-Codes will be the same text that people have been seeing all alone, that say, "You are not eligible for federal student aid because you failed this match."

Jill Desjean:

Schools will be instructed, schools are instructed, to ignore those as of the implementation date, which is August 16th. That'll be 60 days from the FR notice, but may actually implement as of today for the entirety of the 21-22 years. So they can go back, ignore the C flags for those two things and award students Title IV student aid.

Justin Draeger:

Okay. So I assume that schools will then have to do some work on their end to sort of isolate those codes and then ignore them. Is the department going to be sending any communication to students who received these codes?

Jill Desjean:

They will.

Justin Draeger:

The schools are going to think or the students are going to think that they've errored out in some way, right?

Jill Desjean:

Mm-hmm. Yeah. So the department is going to send emails, both to students who already filed FAFSAs as well as on an ongoing basis. Because like I said, that comment code text is staying on the FAFSA on the ISIRs for the entirety of the award year. So students will get a SAR that says you're not eligible, and then they'll get an email from the department saying, "Oh, don't worry about that thing that said you weren't eligible, get in touch with your school."

Justin Draeger:

Oh, boy.

Jill Desjean:

So it's going to be a little messy. I think schools can expect their phones to be ringing, and some people to pop into the financial aid office saying, "What exactly is happening here?" But it is still good news for

students in that they are regaining eligibility, but it will be a little messy to start. And even for next year for 22-,23, the questions are still on the FAFSA, the database matches will still continue to be performed, C-Codes will show up on SARs and ISIRs.

Jill Desjean:

The only thing that we're really changed for the better will be that the comment code text will be better messaged. And so it won't say, you're not eligible. I don't think they've developed the text yet, but it'll say something that says, "This used to mean you weren't eligible, but don't worry about it anymore." But I think it'll still be a little bit confusing. And then finally, in 23-24, there will be full implementation, questions removed from the FAFSA, no database matches, no C flags, no comment code text, just eligible for aid. So in two years, we can rest easy.

Justin Draeger:

So, hopefully, though, even if the... this year, so it's an iterative sort of implementation, but this year will be the messiest. But once schools sort of get their processes worked out, hopefully, this is still less work than actually having to require additional information or fill out additional forms. This is a one-way communication, ideally, to a student saying, "Don't worry about any of this. You are now eligible."

Jill Desjean:

Yeah. And I think this is like, as opposed to sometimes where students think one thing the school has to tell them, actually, "No," the students have been told you're not eligible, and the school's in the position of saying, "Actually you are." So for once the-

Justin Draeger:

I really like-

Jill Desjean:

... financial aid office gets to be the office of yes, instead of no.

Justin Draeger:

If you are facing a challenge, I would advise bringing Jill into the meeting, because she has a way of adjusting your outlook to really put a positive spin on that. All right. I like that-

Jill Desjean:

You know I'm full of sunshine.

Justin Draeger:

As a fellow gen Xer, I know you are. So let's talk about the big one, which is federal methodology, all the changes that are supposed to happen with simplification. Has the department released any updates there?

Jill Desjean:

Yeah. Yeah. So the law had the formula changes and the FAFSA changes, cutting down the number of questions, all slated for implementation in 2023-24. But FSA did come out this week and say that they were not going to be able to do that until 2024-25.

Justin Draeger:

So we have a one-year delay there.

Jill Desjean:

Yeah.

Justin Draeger:

And is there... The downside here is that these changes, one, it should be easier for students, two, it should decrease verification for schools, and three, it should make students who are not currently eligible for Pell Grants eligible, so the delay is disappointing in that way. And I don't suppose there's any way they could expedite any of those changes. It is delayed until 24-25, is that right?

Jill Desjean:

Yeah. Yeah. And it doesn't seem like something you could do piecemeal. It sounds like they want to do it once and they want to do it right. So if we're putting sunshine on this too, better to have a smooth implementation than a messy one a year earlier.

Justin Draeger:

Right. Well, there are approximately 19 million people that file a FAFSA every year, we do not want that process disrupted-

Jill Desjean:

Exactly.

Justin Draeger:

... because that disrupts enrollment in a pretty significant way. So-

Jill Desjean:

For sure.

Justin Draeger:

... okay. There was one other change, Jill, with the repeal of the subsidized usage loan limits, or what does SULA even stand for anymore? It's taken on a life of its own for me.

Jill Desjean:

Yeah. Subsidized usage limit applied, I think is what the acronym is, don't quote me on that.

Justin Draeger:

All right.

Jill Desjean:

Yeah.

Justin Draeger:

For the last nine years, I've been just calling it SULA, so I can't say.

Jill Desjean:

Yeah, no, that's why we have acronyms.

Justin Draeger:

So, it's gone and-

Jill Desjean:

It is gone.

Justin Draeger:

... how our school is going to be coping with that?

Jill Desjean:

Yeah, so that is gone effective July one. So for any loan where the disbursement date on or after July 1 for any award year, the subsidized usage limit will not apply. The department will also be going back and adjusting borrower accounts for anyone who received an unsubsidized loan when they otherwise would have been eligible for subsidized loan, going back to 2013-14, when SULA was first implemented, to restore, basically, there's subsidized eligibility going back.

Megan Coval:

That's big.

Justin Draeger:

So can you repeat the part about going back to 2013-14? So, this is repealed for the entirety of SULA, so they're going to be backing out interest.

Jill Desjean:

That's my understanding. Now you're making me nervous.

Justin Draeger:

Well, I'm all for it, if that's correct. But given the operational hiccups that we've experienced with the loan programs over the last decade, it makes me also feel like that's a pretty ambitious undertaking. I realize it should just be math, but a lot of things in the loan program should just be math, and they end up not being just math.

Jill Desjean:

Yeah. Yeah. No, I mean, some of those people will have fully paid their loans off by now.

Justin Draeger:

Are we cutting them checks?

Jill Desjean:

I don't know.

Justin Draeger:

Okay.

Jill Desjean:

Yeah. That's what the federal register notice said.

Justin Draeger:

All right. Well, and we'll look for more details. I mean, talk about telling people, yes, after you told them. No, I don't think anybody would begrudge having a loan reduced or possibly even a check written to them. All right, great news. Thank you, Jill. Let's keep moving. Megan, we've talked for a while here about infrastructure spending, doubling the Pell Grant program. In the last two weeks, since we've been off, what's changed? Where are we?

Megan Coval:

Yeah, well, the big news is just that we saw a bill introduced this week, actually called the Pell Grant Preservation and Expansion Act introduced by democratic leadership from both the House and Senate Education Committees that would double the Pell Grant. So it was the first legislative proposal that we've seen that goes off of the Biden proposal to get the maximum grant to double what it is right now.

Justin Draeger:

And so, we have a bill that actually would implement this. Would they implement it in one fell swoop? Is it over multiple years? Or how has it-

Megan Coval:

It would be a gradual doubling, beginning with this next award year 22-23. And then by award year 28-29, you would get to that full doubling or that 13,000 amount.

Justin Draeger:

Okay. And this might be a little bit wonky for folks who aren't accustomed to federal budget rules, but are they doing this through the annual appropriations process? Are they going to do it through mandatory funding or some combination of the two?

Megan Coval:

It seems like they're trying to do it through the appropriations process. And they did also, in this bill, call for all of Pell funding to be on the mandatory side of the ledger, which is something that we've advocated for, so that Pell no longer has to be subject to the whims of the annual appropriation process. So they're calling for it to go down that route.

Justin Draeger:

Yeah. And so, for people who are unaccustomed to this sort of budget speak, appropriations are allocated every year. There's usually a fight between Republicans and Democrats about how money is spent. On the mandatory side, money is just spent that's where things like social security live, Medicare,

Medicaid spending. And since Pell Grants are awarded as an entitlement program, it's always made sense to us that they be funded like other entitlement programs.

Megan Coval:

Another thing in this bill that's exciting to see is, it makes a tie back to the December FAFSA reform bill. And it would allow students who have a negative student aid index, which will be the old EFC, to receive additional Pell Grant funds. So even on top of that doubling of the amount, they would get an additional Pell amount in the number in which their SAI falls below zero. So that's kind of what we were hoping for, that the December bill sort of set that up for in the future students to be able to receive more aid. And so it was really good to see that as well.

Justin Draeger:

Yeah. You've talked about this in sort of an iterative way. First, we go to negative SAI, and subsequently we'd want to see a bill to actually fund that negative number and this bill would do that.

Megan Coval:

Yep. That's right.

Justin Draeger:

That's great news. So, Megan, there's sometimes Easter eggs hidden in these bills, little nuggets or tidbits that you don't see until the bills released that have nothing to do with the major topic at hand. Tell me, are there any Easter eggs in this doubling Pell bill?

Megan Coval:

There are.

Justin Draeger:

Okay. Wa, wa, wa.

Megan Coval:

Wa, wa, wa.

Justin Draeger:

Yes.

Megan Coval:

I'd love to say, no, but there are some provisions in this bill that deal with satisfactory academic progress, quite a few actually provisions. Not all of them are concerning to us, but there are a few, and concerning enough that it has given us some pause. And we really need to dig in more on what the impact would be for our members and talk with folks on the Hill to get a better sense of what they are trying to get at.

Justin Draeger:

Right now, schools have to measure satisfactory academic progress annually, and this bill would what?

Megan Coval:

Require the institutions do it after every payment period. They can do that now, but that's a big change to require that.

Justin Draeger:

Okay. Any other changes in this bill to satisfactory academic progress or any other student aid programs?

Megan Coval:

Yeah. I mean, like I said, there is a lot in here and we covered it in detail in today's news. But one of the biggest pieces that we're concerned about is that the bill prohibits academic progress standards for institutional need-based aid, from being more stringent than federal SAP standards, unless the school gets an approval from ED.

Justin Draeger:

So let me get this straight, this bill would require, and you said institutional aid-

Megan Coval:

Right.

Justin Draeger:

So this is the school's own money.

Megan Coval:

That's right.

Justin Draeger:

And this would tie a framework around how schools spend their own money?

Megan Coval:

Yes. So schools would have to seek approval from the Department of Ed, if their SAP standards for institutional need-based aid were more strict than the federal standard. So that's a big leap. That's a big step.

Justin Draeger:

Yeah. This seems like a threshold that we shouldn't take lightly. So I'm a school, I have a need-based grant, or let's say, I have a need/merit-based grant that says it's awarded on need or to needy students, but it has a 3.0 GPA requirement, because that's what the donor who created this scholarship wanted. So the school wouldn't be able to do that, right? Because that would be a stricter academic progress standard than what exists in federal law, which is a 2.0.

Megan Coval:

That's right. And I want to be clear, I mean, the law, the language says, "Need-based," but I think it's reasonable to think that the department might interpret a hybrid program of need and merit as including need, and therefore having a need based component, so yes.

Justin Draeger:

So even if that's not the intent of Congress, it's not out of the question that, in a few years, an administration could sit down and say, "We want to hammer out a regulatory definition of need based on this provision. And we are going to put forward a regulatory sort of agenda that says 'any scholarship, institutional, that has a need component, could, potentially, fall under this proposed statute.'"

Megan Coval:

Yeah. Yeah. And there is a provision that they can get approval from the department, but just to have to go through that step of getting the rubber stamp from Uncle Sam before setting your own institutional policy is, I think, it's a slippery slope.

Justin Draeger:

Yeah. That's a nice way of saying it. I think most people would find it a real aversion to check in with the government before they spend their own money on what they want. The other piece is an unintended consequence here, right? So if I'm a school and, let's say, we come up with some regulatory definition of what is a need-based scholarship, once that definition is determined, could you imagine a scenario where schools start moving money out of those funds, because they don't want to have to check in with the Department of Education on how to spend it? In other words, "Well, then I'm just going to take my money over to the merit side, because I don't have to check in with the Department of Education on awarding merit aid."

Megan Coval:

Yeah. I could see that. And it also makes it, I think it would make it extraordinarily difficult to fundraise as well. And, I mean, that's an important part and it's sort of... I feel like everyone is calling on schools to provide more of their own aid, and to do more for students on their own, and many are doing good things. And I am concerned about the perverse incentive there.

Justin Draeger:

Yeah. Well, it goes without saying that NASFAA is a big supporter of doubling the Pell Grant program. We are certainly partnered with a lot of organizations to press this campaign in Congress, but these Easter eggs, sometimes, can be really challenging, and sometimes, can even be deal-breakers. But I wonder, Megan, this is a large spend. This is a big foray into expanding the student aid programs. They would expand Pell eligibility to Dreamers-

Megan Coval:

Yes, yep.

Justin Draeger:

... which is a big step forward. But I can't imagine there are a lot of Republicans who would be psyched up about this bill. Are there any Republican co-sponsors at this point?

Megan Coval:

Not at this point. So it's a partisan, party line bill. And I think, kind of a marker bill, in a way, to get some legislative text around a large priority of the administration. So this type of thing isn't an unusual and lay some groundwork. So I don't see it going anywhere fast, but maybe bits and pieces of it will kind of resurface along the way.

Justin Draeger:

Yeah, that sounds good. And there might be plenty of opportunities for us to talk to Congress. We've already set up some meetings to kind of talk through these other provisions while still supporting the main objective of the bill, which is doubling the Pell Grant program.

Megan Coval:

Yep. That's right.

Justin Draeger:

Okay. Great news. Thank you very much, Megan. Let's keep going here. People might've seen, last Friday, the Washington Post released an article that summarized a new report that came from the Student Borrower Protection Center. You all might remember that this is the center that was set up by the former CFPB director who resigned during the Trump administration, Seth Frotman. They were looking specifically at public colleges and universities that have been promoting, in their words, "High risk loans for short-term programs." In other words, these are financing vehicles that are developed for non-degree programs. These are the short-term programs that, Megan, correct me if I'm wrong, Congress has sort of taken a bi-partisan interest in like, potentially, funding with Title IV dollars, right?

Megan Coval:

Yes, right.

Justin Draeger:

I know we haven't reached that threshold yet, but we were close in this last month to potentially having legislation that would provide Pell Grants for short-term programs. But this report calls out the financing vehicles that exist, these are sort of like your bootcamps, your coding bootcamps, where you would get a certificate, but it's not a degree or credential, for having really high fees. Some of them as high as 15%, pretty high origination fees around 5%, and then stiff penalties, if students are delinquent or default. Now that doesn't necessarily surprise me, because in general, we're talking about unsecured loans. There's no collateral here. People have tried to make the distinction that these aren't necessarily private education loans, they're consumer loans. I don't know that might be a semantical argument.

Justin Draeger:

But I don't really understand the landscape yet. We did talk to Inside Higher Ed about this, and just said, "We need to learn a little bit more." Given the institutions that are sort of involved in this. These are institutions with good reputations who have a history of looking out for their students and borrowers. I'm sort of curious, and these are unanswered questions right now, to what extent institutions have been involved in these decisions? These are often, I think, run by like continuing ed programs or third parties. I think the challenge is that these are co-branded with institutions, which then raises the

question of, should the preferred lender list statute and regulations be applied here? And to that, we just have to do a little bit more digging and exploring, so more to come.

Justin Draeger:

But certainly if I was on campus, I might take a look at this report. And then I think there's a good chance some financial aid offices might not even be aware that this is happening with some of their continuing ed folks or bootcamp folks. And I might take the opportunity to just reach out and say, "Hey, are we doing any of this through our bootcamps?" And if so, maybe take another look at those financing vehicles. And in the meantime, NASFAA continue to explore as well.

Justin Draeger:

Owen, the Department of Education, this last week, announced that they are approving more borrower defense claims from the now defunct ITT. You want to catch up?

Owen Daugherty:

Yeah, this is the latest round of debt relief from the Department of Education under the Biden administration. They announced an additional 18,000 borrower defense claims will be approved for students who attended ITT Technical Institute, the since closed for-profit chain, and said, "The loan discharges will be totaling about \$500 million." And this comes on the heels of a few other debt relief measures that the department has already enacted in the last few months, since Biden took office.

Justin Draeger:

The whole borrower defense controversy debate over the last many years comes down to a couple of different themes that we see recurring in higher education. One is accountability, so it's like how accountable should schools be that are closing. And then what responsibility do they have to repay the loans of students who took out loans there. But there's this whole other side about how you process all of the borrowers who were attending a closed school, maybe that school was found guilty of defrauding the students through deceptive marketing, or they closed down because of some other reason, and then how you provide loan forgiveness for them.

Justin Draeger:

If the school just closed, it's pretty clear. But in the case of some of these other institutions, there is an allegation of deceptive marketing, deceptive tactics, and the Trump administration was trying to look at precision. That is how do we determine and quantify harm to the actual borrower? Can you claim that you were harmed by this school's practices? And if we can quantify that, then we will forgive your loan debt up to that amount. And I don't think that that argument is completely without merit. In an ideal world, if we could quantify the harm, that's how much we would forgive the loan debt.

Justin Draeger:

The problem is that this is a good example of where policy and implementation collide, because implementing something like that creates really significant backlogs, like borrower defense claims that are now years outstanding. And in some respects, you say, "We're going to have to throw precision out the window here and just start clearing the backlog of borrowers who have been stuck in limbo for years." And it sounds like that's what the Biden administration is doing.

Justin Draeger:

They're looking at these backlogs. And they're just saying, "We're going to try to just start clearing these." And I think in terms of weighing pros and cons here, I would say that probably has more merit. We're in 2021, this is several years outstanding, it's time to start clearing these logs and moving on. Kudos to the Department of education. I think it's time we started to move beyond this issue, at least for these borrowers who deserve some sort of justice that isn't delayed. Adjudication needs to be done much more quickly than years out.

Justin Draeger:

All right. Let's turn to our, what was that this week? Megan, I think this is something you're going to have some definitive opinions on, but I haven't say I've been following very closely, but I've seen several reports from reputable news outlets about UFO sightings. And I think there's a couple of questions here. One, is it a slow news summer? Two, what do you think about the existence of aliens? Megan, go. School us.

Megan Coval:

Well, I have more thoughts about people trying to travel to space. But I think there are UFOs, but like really in like the true sense of the word, like an object, like a rock.

Justin Draeger:

Yeah. Okay.

Megan Coval:

Some sort of-

Justin Draeger:

So you don't believe in it alien life?

Megan Coval:

Some sort of space rock, or... And I believe there's life on other planets, in kind of the most organic sense of the word, but not like aliens. Like little worms or bugs or whatever, but I don't believe in aliens.

Justin Draeger:

Jill, you're married to a doctor. What's your opinion on organic life on other planets?

Jill Desjean:

I can't speak to Greg's opinions. I am a big fan of any type of entertainment that introduces the possibility of alien life visiting Earth, UFOs, anything like that. But I would say, my feelings align with Megan. That, yes, I don't dismiss the possibility of life on other planets, but I don't think that they're visiting us. I think the UFO sightings could probably be explained as something other than aliens coming to visit us from other planets.

Justin Draeger:

I also like the fiction of the idea of aliens, but the idea that like in Star Trek, they're all depicted as like bipedal organisms, just like us, that are breathing and speaking.

Jill Desjean:

Noses and ears and-

Justin Draeger:

Right. However, I did hear Elon Musk, and I like to get all my information from Elon Musk.

Jill Desjean:

Good idea.

Justin Draeger:

Right, that's just solid science.

Owen Daugherty:

Strong resource.

Justin Draeger:

Yeah. But he did say something on Joe Rogan's podcast recently that I thought that had a lot of merit. One was, if there is intelligent alien life form, they're being awfully subtle. Like, are you there? Or are you not? And what would be the reason for not just making yourself known?

Megan Coval:

Yeah.

Jill Desjean:

Mm-hmm.

Megan Coval:

Yeah.

Justin Draeger:

And the second is, he was like, he looks at this as like a dichotomous choice. Either there's no intelligent life elsewhere, or there's a ton of it. Because if there's intelligent life elsewhere and you consider the billions of years that make up our galaxy and universe, then clearly there would be lots of other intelligent life, regardless of whether we've connected with them or not. So he's like, it's either one or the other. It's not like there's one other planet with other intelligent life. It's like, there's tons of intelligent life or there's no other intelligent life, which would make us truly unique. And I liked the thought of that. And also it's just another thing to have existential dread over. So I don't know, I'll probably stay up all night thinking about this. Owen weigh in, what's your final judgment here?

Owen Daugherty:

I mean, yeah, I think I'm with Jill. There definitely can be intelligent life, but that is not related to these UFO sightings. And for me, the whole UFO conversation, I don't think it was because of a slow news summer, the US government put out a report detailing decades of sightings or just like incidents that

people in the military had said they'd seen. And to me, the government would not put out that report if those were intelligent life from other planets. They don't want us to know that.

Justin Draeger:

They'd hold that close.

Owen Daugherty:

Yeah, so I think that's-

Megan Coval:

That's an interesting take.

Owen Daugherty:

I think that's like a Chinese aircraft, just aircraft that we can't identify or just crazy phenomenon-

Justin Draeger:

I also felt like-

Owen Daugherty:

... but I don't know if it's intelligent life.

Justin Draeger:

... with all the drones, right?

Megan Coval:

Yeah.

Owen Daugherty:

Right.

Justin Draeger:

... it's probably just like your average Joe, who's throwing a drone up 10,000 feet in there.

Megan Coval:

Yeah. Yeah.

Justin Draeger:

Megan, so let's go to space travel for just a second, because more and more billionaires, and I know you and Nick are closing in on your first billion, are thinking about are thinking about going to space. I mean, let's assume like in our lifetime, I don't know if it will, let's say there's an affordable option to do space travel, in our lifetime. What are you doing, are you taking a trip? I feel like knowing who you are, you're not the first person on the shuttle.

Megan Coval:

I'm definitely not the first person on the shuttle. But your qualification of it being affordable is interesting, because I think my thing with it right now is, I just feels very kind of ostentatious sort of like, why are we... because you just want to go? But then I also know like Elon Musk has said that "He wants to go to Mars with the intent of, ultimately, establishing communities there. And as a way of like a second place for us to live in case something terrible happens here." But it just all feels very showy to me, at this point.

Justin Draeger:

I've heard this argument, that's like, if we can't even solve world hunger, why are we going to Mars?

Megan Coval:

That's it. That's it. It's sort of that to kind of the-

Justin Draeger:

I hear that. I hear that. But then I think about like the '60s and I think about Kennedy and I think about Sputnik and the birth of like the financial aid movement to getting access to higher education for qualified students. And I think about like, what was it? Was it like tinfoil? Isn't that like a product of like the original space travel?

Megan Coval:

Yeah, mm-hmm.

Justin Draeger:

Like all these things that come about because-

Megan Coval:

You're right.

Justin Draeger:

How would we keep our leftovers warm and/or cold, if we hadn't gone to the moon? It's, you know?

Megan Coval:

Yeah. That's all very fair.

Justin Draeger:

The other thing about Elon Musk that, again, fills me with existential dread is, his point is, there are so many things that could go wrong on Earth, like climate change, drought, nuclear war, an asteroid creating catastrophic conditions on Earth, that it's like, it would just be wise as a species to branch out a little bit, to have more reach.

Megan Coval:

Yeah. That makes me feel that there's a little bit more of a reason, but I will definitely not go.

Justin Draeger:

You're good.

Megan Coval:

No, yeah. I'm good. Yep.

Justin Draeger:

DC or Pennsylvania, that's where you're staying.

Megan Coval:

Well, I'm just not going to-

Jill Desjean:

Not your comfort zone.

Megan Coval:

... shoot up. I'll shoot over places, but not going to get in anything going up.

Justin Draeger:

All right. Owen, as a guy who's hiked the Appalachian trail, I feel like you might take a trip to space, if you could, and if it was affordable.

Owen Daugherty:

I mean, before even the affordability, sign me up. I'd be a guinea pig. If it was one of those early test flights, I'd be all for it. I probably wouldn't pay, but I would love to go.

Justin Draeger:

So it's not the money. It's not the money for you. All right.

Megan Coval:

He would.

Owen Daugherty:

I mean, I would love to be a part of something. I do find it curious though that some of the richest people in the world are like, that's their pet project, Bezos and Musk. That's where they're putting their money, you know?

Justin Draeger:

Yeah. Jill, I don't think you're going to space anytime soon, either.

Jill Desjean:

I would go, not as-

Justin Draeger:

Oh, you would.

Jill Desjean:

... a tourist. I would.

Owen Daugherty:

Yes.

Jill Desjean:

I am opposed to the idea of space tourism, but if I were invited by NASA to be an astronaut, I would definitely do it.

Megan Coval:

I'm shocked that you would get on that type of aircraft.

Jill Desjean:

Yeah.

Justin Draeger:

Right. I feel like we know too many neuroses.

Megan Coval:

Yeah.

Jill Desjean:

No. I mean, I would have to probably be unconscious for take-off. I don't know how I'd overcome the fear, but you know I have a thing about how, if I'm afraid of something, I'm like, well then I have to do it. Because I don't want to live my life in a way that I miss out on experiences, just because I'm scared, because I would've missed out on a lot of experiences. So space tourism, that's not appealing to me, but literally, if NASA called and they were like, "Jill, we need you up there." I would be like, "Yeah. Okay. Let's go, definitely."

Megan Coval:

All right. Yeah. That's a fair point. It's just, the trip is not that exciting to you, but getting there would be.

Jill Desjean:

Yeah. Yeah. I don't know that NASA needs financial aid administrators, but if they do.

Justin Draeger:

They do, they just don't know it yet. So why don't we turn this into some sort of issue brief-

Jill Desjean:

Okay.

Justin Draeger:

... and then we'll distribute it.

Jill Desjean:

On it.

Justin Draeger:

All right.

Jill Desjean:

Okay.

Justin Draeger:

Well folks can let us know, one, if they think there is intelligent life out there, and two, whether they'd be willing to do any space travel. Send us your comments, we might read them on the air. Next week is our annual conference, so, Owen, I think we're going to be off next week. We've asked people to tune in. We have lots of different sessions where those of us on the podcast will be. I want to give a special shout out to Pace University. They hosted me this last week at a strategic retreat that they were having in their financial aid office. Big Off the cuff fans there. So I can say that we have at least a dozen listeners from Pace, so shout out to them. Did you have one Megan that you were going to shout out or no?

Megan Coval:

Yeah. Jill and I were both on the Georgia conference this weekend. At the end, they gave a nice shout out to Off the Cuff, also. So-

Justin Draeger:

Very nice.

Megan Coval:

... thanks for having us Georgia.

Justin Draeger:

All right. Tell your friends, remember to subscribe, send us your comments. We will see you again in a few weeks.

Speaker 1:

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