

Jason ([00:00](#)):

Hello, and welcome to another edition of Career Education Report. I am Jason Altmire and today, we have a great guest, Carlo Salerno, he's the vice president for research at CampusLogic. But over a 20 year career, he's done higher education research for the federal government. He provided research for members of Congress. He has co-founded an education analytics company. He's conducted a wide range of analyses for national advocacy groups and the student lending industry and he writes and speaks frequently on topics related to the economics of higher education. The reason I wanted to have Carlo on is because, he has a unique point of view on some of the bigger topics in higher education that you read about. He has a voice that people listen to, and I think you'll be interested in what he has to say. Carlo, welcome to the program.

Carlo ([01:00](#)):

Jason, thanks for having me.

Jason ([01:01](#)):

I wanted to start by talking about an issue that's very big and has been talked about over the course of the last couple of years, really, but certainly, President Biden has made it something that has been under discussion. And that has to do with the issue of the pause on student loans and the wider in scope issue of loan forgiveness, generally. I know you've written and talked a lot about this. Just starting with the pause on student loans that was done after the COVID pandemic. What are your thoughts on the impact that has and will continue to have on students and families?

Carlo ([01:38](#)):

Well, that's a good question. This pause is now run for two full years by almost any standard. This is an exceptionally long period for more than 40 million people to not be making payments on their student loans. It's going to be hard to turn it back on. I think we've already seen, by the Department of Education Actions, that it's very difficult to get people conditioned to not paying loans back into paying loans again. This is a difficult thing to do and even beyond repayment itself, there's the question I think right now of who should be repaying those loans and when should they be repaying those loans. Right now I think there's a swath of advocacy folks who would say to you that we should never turn payments back on again. This is as good a time as any for us to be canceling federal student loan debt.

Carlo ([02:27](#)):

And I think while that argument feels intuitive and feels good under the circumstances, I think a lot of folks, I'm an economist by the way, by training, but I think a lot of folks who analyze education, finance will tell you that student loans are one, probably the best debt you're ever going to have in your entire life and two, probably benefits people at the top of the economic spectrum rather than the folks at the bottom of the economic spectrum. I will tell anyone who listens if you wanted to forgive debt, we should be forgiving auto loans, right? There's 111 million people who have auto loans and it's roughly the same size as the portfolio. And it would help a lot of lower-income people than student loan debt. And we all know why they don't, but it's more just to the point that I think there's a lot of politics here behind the economics.

Jason ([03:14](#)):

I've heard from a lot of parents when I talk about these issues. Somebody will invariably always ask the question, they'll say, "I'm a parent, I put two or three kids through college, paid for it, didn't want to take out loans, didn't want to saddle them with that debt. And we did it the right way." Maybe, an individual worked through college, worked two jobs, and paid for their own way. And do you think there's a fairness issue with people who took that approach specifically trying to avoid taking on debt and then just seeing a huge number of people, millions of students that took a different approach and having that debt just wiped away?

Carlo ([03:54](#)):

Yes, I most certainly do. I think offering some kind of benefit to, somebody by virtue of them just simply choosing to finance with federal loans is extremely unfair. Right? We know that there are groups of student borrowers out there who are just simply averse to taking on loan debt. People don't like to take on loans if they don't have to. And so there are folks who, like you say, script and saved and sacrificed a whole bunch of other things so that they wouldn't have to debt finance. And yet there's no windfall relief for them. That feels remarkably unfair.

Carlo ([04:28](#)):

And we can extend that even further and simply say, "Well, why now? Right?" There's a lot of people out there who have student loan debt. And think of the person who pays off their student loans the day before student loan forgiveness happens, right? That's a really tough row to hoe to have to sit there and know that you felt like you did the right and responsible thing and just by virtue of timing, somebody else was granted loan forgiveness, and it had nothing to do with their ability to repay. It had to do with the timing of when it happened. There's nothing special about loan forgiveness happening, right This second, that would make the case that some borrower today is any more worthy of it than somebody five years ago.

Jason ([05:08](#)):

What do you think as an economist, you touched on this a little bit, but maybe talk more about the long-term economic implications to the country. Once we turn this back on where there's currently and has been for years, a pause, when that gets turned back on, what does it mean for the country?

Carlo ([05:26](#)):

This is one of those things where you hear a lot of rhetoric about this notion of student loans as a debt sentence, but that's really hard to reconcile with the fact that we have a student loan program, that for more than 5 million borrowers, at least in income-contingent loan programs, they don't pay any more than a fraction of their income to begin with. Right? And they have loan forgiveness at the very end. We also have these loan forgiveness programs that are in place like PSLF, public service loan forgiveness that you hear people talk about. This notion that somehow turning on loans is going to create this economic catastrophe, feels really strange when you consider the fact that federal student loans are the only loan on the planet where you get a start point of 10 years to repay that loan and can extend it up to 25 or 30.

Carlo ([06:13](#)):

You have five different income-based repayment programs that you can choose from. You get a year to default. Even if you do default, they'll let you rehabilitate the loan and make it current again, essentially. You'll never find another loan like this in your entire life, because these loans are specifically

designed to not be payment hardships. And so this logic that's somehow turning loans back on is going to be a challenge to the nation, is only a challenge to the extent that there are probably some members of Congress today who have been telling people for the past year or two, that student loans are a scam. And then when you tell people they're a scam, you're almost encouraging people not to pay their loans. And that feels honestly mildly irresponsible.

Jason ([06:56](#)):

You wrote about debt without degrees and ask the question, are parents handing down debt sentences to their kids? Talk a little bit more, because that got a lot of attention when you wrote that, what, what did you mean by that?

Carlo ([07:10](#)):

Well, one of the things that we found when we started looking at borrowers, this class of borrowers that have debt, but no degree, is that borrowers whose parents have higher degrees seem to leave school with more debt. Right? If your parents have PhDs, you're probably going to drop out with more debt than if your parents had only ever had a community college degree or possibly a bachelor's degree. One of the other things that we know, which is tied to this, but also interesting, is the start point. If I start with the idea that I aspire to only get, say a two-year degree, I'm probably going to leave school with less debt based on the statistics than if I say on day one, I want to get a PhD.

Carlo ([07:52](#)):

If I aspire for more education on day one, I seem to leave school with more debt. And the reason why that's important right, is because where do aspirations come from? Right? They come from the place that we live. They come from the people that we associate with, they come from the geography that we live in. And so it's really strange to think, but there are some, some really unique relationships out there that would suggest that, Hey, people take on loans, not necessarily because I think it's a great investment, but because there's sort of this social pressure to go to college and if you don't have the money you're going to borrow to pay for it.

Jason ([08:28](#)):

And you mentioned the difference in the type of degree that people seek and obviously educational opportunity is there, but people choose different paths. And one of the things that our members at CECU of course, pay a lot of attention to, or regulations related to that aspect of things, are regulations applying to all schools in all sectors, or are they only applying to certain types of schools in our case, the for-profit schools. I've heard you talk about that issue in the past. I wonder if you could give your thoughts on, on the equity issue related to accountability measures and how they should be applied, and protections for students when they see higher education.

Carlo ([09:11](#)):

Listen, we want students as consumers to be protected from bad actors, right? We want all consumers to be protected from bad actors, no matter what they're purchasing in what space. Andrew Gillan did an amazing study recently that found that if we took the existing, the prior gainful employment regulations that had been out there and had we applied them to every program at all schools, rather than just career colleges, 89% of the sanctioned programs would've been at public and private non-profit institutions. Literally nine out of 10 of the programs that would've been sanctioned

would not have been for-profit or career colleges. They would've been public and private non-profit institutions.

Carlo ([09:56](#)):

And so, I think when you start looking at notions of accountability, I think there are a group of people out there like myself who simply feel that accountability is important, but it should be applied uniformly, right? There's nothing wrong with simply saying we want to set bars and we want to protect consumers, but we should be protecting all consumers. And the idea that we should target a sector or more importantly, ignore a sector, makes the decision feel more like politics than like real policy.

Jason ([10:27](#)):

You bring some credibility to making that statement because you've been on all sides of this. You've found it in analytics company, you run data, you understand research and how it works. And you've worked for the federal government in a research capacity. And as you know, data is much more widely available today than it was 10 years ago. When the Obama administration was looking at these type of gainful employment measures. And we can compare at our fingertips at a moment's notice the outcomes of any two schools in higher education, that you want across a variety of measures. It would be very easy to apply that type of accountability measure across all schools. Why do you think that the department and advocates who are supporting the department's position on this have chosen not you to do so?

Carlo ([11:18](#)):

Well, the fallback tends to be this idea that back during, in the 1972 higher education reauthorization, which coincidentally was the same year that the PELL Grant was established. Congress created a separate definition for vocational institutions of education. And so there are two definitions on the federal bill looks. And so because of this, critics of proponents of gainful employment will tell you, "Oh, we would love to apply this to everybody, but Congress won't let us, right?" Congress says we can only focus on vocational institutions. And just because Congress says that we can only apply it here, doesn't mean we shouldn't be advocating for wider scope. And I think that's where the challenge is, right? At the end of the day, nobody goes into education for the love of learning. They go into education to get a job as a teacher. Nobody goes into business to learn Theory of Business, They want to become business people. Same goes for education. The same goes for almost every single professional program, right?

Carlo ([12:20](#)):

And as it turns out, these programs, business, education, nursing, is another great example. These are the largest degree programs in the United States, right? And so this notion that somehow gainful employment doesn't apply to the public and private nonprofit space, again, it feels like politics instead of policy, because we know that there's a large swath of the training that happens in the public and private nonprofit space that has the specific purpose of getting someone a job. And that pretty much falls towards the standard of what vocational training really is.

Jason ([12:57](#)):

And it would be misguided to imply that it was congressional intent to apply these measures only to a small subset. In fact, 8% of the students who are in higher education attend a for-profit school. And, and it was never congressional intent to exempt from accountability, all the other types of schools.

And as you said, all the other types of programs that students attend with the end goal of finding a job in that chosen field of study.

Jason ([13:27](#)):

When you look at what the department is doing and you know, the direction that they're going, you're right, they do throw their hands in the air and say, "Well, it's too bad. We're prohibited from doing anything. You're going to have to talk to Congress." But Congress has addressed this issue because in section 454 of the higher education act, it specifically gives the department, the authority under the quality assurance section to apply accountability measures across all schools in all sectors. The department has chosen not to do that, but it would be inaccurate to imply or to say that the department does not have the authority to do that. They do have the authority, they have chosen not to use it. That said, I would just ask, where do you think all of this is going? And what do you think the impact is going to be across higher education, more broadly if these types of measures are only applied in a very narrow way?

Carlo ([14:21](#)):

Well, again, I think you find yourselves one, unfairly punishing students who are attracted to for-profit education providers. And I think one of the things that we routinely ignore in the discussion about the distinction is that for-profit education providers routinely try to recruit and enroll students who otherwise wouldn't get into public colleges, right? These are, students that are not starting on third base, they're starting on first base or they're starting at home plate. And so it's intrinsically more difficult to one, train and educate them and two, help them find jobs afterwards. I think by virtue of trying to single out a sector here that focuses, or that disproportionately attracts students who require more need and attention, you end up hurting the students who require more need and attention. And I think the second thing is, if you step back and you can think about what for-profit or career colleges do, right? The mere fact that they continue to exist means that there's demand for their degrees, right?

Carlo ([15:27](#)):

People, employers value the credentials they provide. Employers value the demand that they support. If nursing programs at community colleges could provide sufficient supply, there would be no need for the career colleges to step in and provide this as well. They provide it because the public and the private nonprofit sector has showed it simply can't keep up with the demand. And so again, by trying to disproportionately single out a certain institution type, you're disproportionately singling out students who otherwise would like to study certain fields, but simply can't at the moment because the programs that they may want are just simply not provided in a convenient fashion someplace else.

Jason ([16:12](#)):

When you think about the future of higher education and to the issues that we're talking about, it's becoming more of a gray area. When you think about, you've done a lot of work with lenders as well, but in the delivery of higher education, institutions of higher education, it's becoming a gray area on who's for-profit and what the motives are. And you look at University of Arizona, Purdue University, and what's happened there with transition to online. They utilize the expertise of for-profit schools in doing so. You've seen schools that have converted from for-profit to private nonprofit. Where do you think all of that is going in the future? And what do you as a researcher, what concerns you about what you're seeing in higher education related to that type of thing?

Carlo ([17:03](#)):

I think it's really hard to make the case that an institution's tax status makes it fundamentally different in terms of service delivery from another institution type. Students in both sectors go to class, they take courses, they get the same kinds of degrees. They go out and they get the same kind of jobs. And like you said, if these models were so functionally different from one another, why are not for-profit institutions buying for-profit institutions, right? Clearly, they're buying them because they're synergy and they're buying them because there's a high degree of complementary between how these two sectors function and operate. And so increasingly this notion that one is different than the other, it's difficult to even just pass a basic smell test on what exactly makes them different. Right? And so the researcher in me, as I think about this, I find myself gravitating more towards finding the similarities than the differences.

Carlo ([18:05](#)):

I know there are people out there who continue to try and highlight how one sector looks different from the other. But in fact, I think what we see in the evidence is, increasingly that these institutions are more alike. And so the questions we should be asking is if they're more like, how do we develop policy that serves all the institutions and all the students at these schools equally? And that gets back to the gainful for all notion, right? How do we set policies? We should be preparing for a future where this archaic two-definition measure of what an institution is, goes away. Because realistically, I think the body of evidence is growing and basically showing that at the end of the day, these are not different institutions and tax status does a poor job of explaining away any differences.

Jason ([18:53](#)):

How do you think the future of online education is going to play into all this? Because we were kind of thrown into the deep end with the COVID pandemic and all the schools had to transition. A lot of for-profit schools had been trendsetters and had been doing that and had some expertise. And that led to the transition that we talked about, where some of the schools took on that expertise as they expanded their own online program from a public university standpoint, you're going to continue to see this type of hybrid environment at minimum, online education has been excluded from some funding programs related to funding measures congress has recently passed. There's a huge debate in higher ed about the future and how to approach it. What are your thoughts on all this?

Carlo ([19:38](#)):

Well, I think if you go back to the data that the national student clearinghouse was reporting during the pandemic, what you saw was that enrollment demand dropped the least in the for-profit sector. And it dropped the least, because like you said, these institutions were prepared to do online training. They were prepared to do remote and distance and virtual learning because they already had experience with it. And so their student populations were less affected as a result. This notion that somehow online or virtual education was a quirk of COVID, I think is pretty shortsighted. I think at the end of the day, we would be doing a disservice to ourselves if we really thought that this kind of technology was not going to be used more heavily rather than less heavily. As I think about the education technology debate and virtual learning, it makes me think about the naysayers who said that the internet was never going to be a big thing or that the horse versus carriage was ever going to be a big thing.

Carlo ([20:34](#)):

I think this is just another case whereas technology becomes faster, cheaper, and more powerful, why should I get in a car? Why should I get dressed up? Why should I suffer a commute? Why

should I have to find a place to park so that I can spend 45 minutes in a classroom and then do it all in reverse and go home again? When I can just flick on my computer and do all of it right there. Granted not every student is going to want that experience, but I think as higher education gravitates more towards older students, returning students working into have full-time jobs and kids and bills, that kind of education delivery makes really good sense. And I think it will continue to make even more sense.

Jason ([21:15](#)):

Our guest today has been Carlos Salerno. He's the vice president for research at Campuslogic. He is very active on social media and you can track him down. And I would encourage you to give him a follow because he's often saying things that attract a lot of attention and make you think. Carlo, thank you very much for being with us today.

Carlo ([21:36](#)):

Jason, it's been my pleasure. Thanks a lot for having me.

Jason ([21:41](#)):

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