

Comments on:

Protecting Students from Student Loan Debt: Can Parent's College Saving Help?

By: Elliot, Lewis, Nam and Grinstein-Weiss

and

Debt, Jobs, or Housing: What's Keeping Millennials at Home?

By: Bleemer, Brown, Lee, van der Klaauw

Alexander Monge-Naranjo

Federal Reserve Bank of St. Louis &
Washington University in St. Louis

Thinking about Parents and Education

- **Elements of a Dynastic Model**
 - **Individual's Life-Cycle:**
 - School, labor market, fertility, parental transfers.
 - **Preferences I: Own consumption**
 - Risk aversion, patience, inter-temporal substitution.
 - **Preferences II: Intergenerational:**
 - Altruistic? Paternalistic?
 - **Family Interactions:**
 - Incentive problems and strategic interactions.
 - **Markets Government Institutions**

Thinking about Parents and Education

Observable Implications:

- **Human Capital Investments**
 - What and how much to invest?
 - How to finance it?
- **Labor Market Risks**
 - Insurance from markets, government. Loan programs?
 - Intra-household insurance ([BBLK](#))
- **Asset/Debt Accumulation**
 - Borrowing/lending on other assets
 - Student Loans ([ELNG](#)) & ([BBLK](#))
 - Parental College Savings Accounts ([ELNG](#))
 - Real Estate ([BBLK](#))
- **Policies:**
 - Design: Incentives?
 - Financing?
 - General equilibrium?

Some Comments on Bleemer-Brown-Lee-v. d. Klaauw

- Housing vs. Higher education?
 - life-cycle vs. business cycle:
- Housing market problems: 2008--??
 - Over-investment and crisis.
 - Joint insurance parents/children?
- Other forms of debt different from SL?
- Policy counterfactuals?
- Econometric specification.
 - Beyond LPMs.
 - Selection?

Some Comments

Elliot-Lewis-Nam-Grinstein-Weiss

- **The paper seems to be arguing that poor students are being taken for a ride**
 - Protection from debt? Or from
 - Bad investments/misinformation.
 - Monopoly pricing and other practices?
 - **Need to spell out the form of market imperfection.**
- **Econometric Results driven by unobserved selection?**
- What is the policy proposal?
 - College savings: Too late for current cohorts.
 - **More regulation? schooling choices?**
 - **Less regulation? discharging loans.**
 - **Incentives of schools and lenders.**
- Focus on the provision of financing.
 - **What about the design of repayments? Insurance!**
- General equilibrium?
 - Schooling prices.
 - Returns to investments.
- Funding?
 - Whose taxes?