



THE FUTURE OF STUDENT LOANS

An Inside Higher Ed webinar,
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Too Much Debt – Pick Your Statistic

- **The Project on Student Debt:** 7 in 10 college seniors have student debt, with an average of \$29,400 for those with loans. Private loans about 1/5 of debt.
- *The Wall Street Journal:* This year's graduating class will reach \$33,000 in debt for a four-year degree.
- **Consumer Financial Protection Bureau:** Cumulative student debt has now topped \$1 trillion.



The Problem Goes Beyond Young People

- **Gallup:** Paying off student loans is not only the top financial issue not only for those in 18-29 age bracket, but 30-49 age bracket.
- **Federal Reserve study/*Washington Post* article:** Americans 60 and older still owe about \$36 billion in student loans. More than 10 percent of those loans are delinquent. Social Security checks are being garnished.

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Cultural/Economic Shifts

- Idea of education as private good, not public good.
- Difficulty of new graduates launching their careers as speedily as in the past.
- Occupy and other critiques of debt.



Colleges Depend on Student Debt

- Public and private alike.
- Colleges with debt-free students tend to be either elite or unusual (military/work colleges).
- College practices – such as gapping – that may exacerbate pain felt by borrowers.



Strategies I – Gainful Employment

The idea and the lobbying offensive on both sides.

Take Action!

**ACT NOW TO PRESERVE HIGHER
EDUCATION ACCESS AND OPPORTUNITY**



Strategies II – Financial Literacy



Strategies III – The RADD Ideas

- Changing eligibility requirements.
- Changing subsidies.
- Merge loan programs.
- Change loan limits.
- Focus on income based repayment.
- Change Pell and tax credits in ways that would have impact on borrowing patterns.

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Strategies IV – The Obama Plan



Strategies V – The Warren Plan



Strategies VI – Dramatic Shift Ideas

- Pay It Forward.
- Free tuition for community colleges.
- Restore state funds to prior levels.

(Why these ideas are unlikely to be adopted broadly.)

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Strategies VII – Shift in College Policies

- Limits on loans.
- Rethinking need-blind vs. need-aware.
- Reallocating non-need-based aid.
- Tuition freezes or reductions.

(Why many of these are unlikely to be adopted widely.)

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Strategies VIII – Version of Status Quo

- Why change is hard.
- Why current Washington environment makes change more difficult.
- The risks of starting from scratch.

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Q&A

- Your questions.
- Your suggestions for future coverage.



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