



The Honorable Lamar Alexander
Chairman
Senate HELP Committee
Washington, DC 20515

The Honorable Patty Murray
Ranking Member
Senate HELP Committee
Washington, DC 20515

Dear Chairman Alexander and Ranking Member Murray,

Thank you for the opportunity to share feedback with you and your staff as you begin the Higher Education Act reauthorization process. Young Invincibles is a national non-partisan, non-profit research and advocacy organization dedicated to expanding economic opportunity for young people and amplifying the voices of our generation in the political process. We welcome the chance to discuss the challenges faced by our generation in navigating our current higher education system and to explore solutions to those challenges.

In many cases, those challenges are different than previous generations. Two-thirds of students work at least part-time.¹ One in four postsecondary students are also parents,² and 38% of all students are 25 or older.³ Moreover, for today's diverse student body, the need to gain postsecondary credentials has become more essential than ever before. By 2020, 65 percent of jobs will require some sort of postsecondary education or training beyond high school.⁴ However, too often our higher education system does not meet student needs. The median on-time graduation rate at four-year public institutions is just 52 percent.⁵ Meanwhile, in the ten years since the previous Higher Education Act reauthorization, the barriers to higher education access and loan repayment have increased:

- Tuition and fees at public four-year colleges have increased 37 percent.⁶

¹ "Yesterday's Non-traditional Student is Today's Traditional Student," *Center for Law and Social Policy*, January 2015, <http://www.clasp.org/resources-and-publications/publication-1/CPES-Nontraditional-students-pdf.pdf>.

² Matt Krupnick, "Availability of Child Care Challenges Student Parents", *U.S. News and World Report*, April 27, 2017, <https://www.usnews.com/news/national-news/articles/2017-04-27/with-number-of-student-parents-up-availability-of-child-care-on-college-campuses-is-down>.

³ "Today's Reality", *Lumina Foundation*, accessed February 19, 2018, <https://www.luminafoundation.org/todays-student-statistics>.

⁴ Anthony Carnevale, Nicole Smith, and Jeff Strohl, *Recovery: Job Growth and Education Requirements Through 2020*, (Washington, DC: Georgetown Center for Education and the Workforce, 2013), https://cew.georgetown.edu/wp-content/uploads/2014/11/Recovery2020.ES_Web.pdf.

⁵ Michael Itzkowitz, *The State of American Higher Education Outcomes*, (Third Way, Washington D.C.: 2017), <http://www.thirdway.org/report/the-state-of-american-higher-education-outcomes>.

⁶ "Trends in College Pricing", *The College Board*, accessed February 22, 2018, https://trends.collegeboard.org/sites/default/files/2017-trends-in-college-pricing_1.pdf

- The number of student loan borrowers has increased by almost 50 percent.⁷
- The total amount of student debt in our country has more than doubled, increasing from \$516 billion to over \$1.3 trillion.⁸
- The number of delinquent loans has increased by over 300 percent.⁹
- Racial gaps in degree attainment have *widened*. The gap between African American students and white students has increased by 3 points, and the gap between Latinx students and white students has increased by 8 points.¹⁰

A new version of the Higher Education Act must act boldly to arrest and reverse these trends. Unfortunately, the House of Representatives' HEA reauthorization proposal is simply not what students have been waiting an entire decade for.¹¹ Despite rising student debt, the PROSPER Act cuts \$14.6 billion dollars from our higher education system, specifically by changing student aid and eliminating loan forgiveness, things students need most.¹² If we are going to address major increases in tuition, debt, and delinquent loans, we need a different approach to the Higher Education Act, one that is student-focused. Specifically, HEA reform should:

1. Provide debt-free access to quality higher education by:
 - Investing in a federal-state partnership to elicit state reinvestment in their public systems
 - Increasing and expanding eligibility to need-based aid like the Pell Grant
 - Making the financial aid process easier and less daunting by simplifying the FAFSA
2. Maximize student success by:
 - Providing the data and information students and families need to make smart choices about where to attend school
 - Maintaining front-end consumer protections to protect students from the worst possible outcomes before they happen
 - Increasing investments in on-campus child care
 - Expanding work-study and better aligning jobs with career paths
 - Promoting the creation of wrap-around student support programs that provide financial aid to cover incidental costs like transportation
3. Promote student loan borrowers' financial security by:
 - Maintaining borrower friendly income-based repayment
 - Maintaining the Public Service Loan Forgiveness program
 - Instituting a risk-sharing system that would give relief to struggling borrowers

⁷ "Federal Student Aid Portfolio Summary", U.S. Department of Education Office of Federal Student Aid, accessed February 22, 2018, <https://studentaid.ed.gov/sa/about/data-center/student/portfolio>

⁸ Ibid.

⁹ "Number of Borrowers by Repayment Status", Center for Microeconomic Data, Databank: 2016 Student Loan Data Update, accessed February 22, 2018, <https://www.newyorkfed.org/microeconomics/databank.html>

¹⁰ Young Invincibles calculations of Current Population Survey.

¹¹ "Young Invincibles Take on the PROSPER Act," *Young Invincibles*, December 12, 2017, <http://younginvincibles.org/press-releases/young-invincibles-take-prosper-act/>.

¹² "Congressional Budget Office Cost Estimate for H.R. 4508", *Congressional Budget Office*, February 6, 2018, <https://www.cbo.gov/system/files/115th-congress-2017-2018/costestimate/hr4508.pdf>.

- Tackling many of the challenges presented by poor student loan servicers and improving the system for student loan borrowers

Make no mistake, young people are paying attention. The economic realities facing this generation have translated into political awareness. A Young Invincibles poll of Millennial voters from the previous election cycle showed that 61% of respondents said that a candidate's position on student debt would be a "major influencer" on who they would support.¹³ They also believe some avenues are better than other. In that same poll, Millennial voters supported, by a 56 to 42 percent margin, requiring schools to share liability if a graduate default on their loan, and to cap monthly loan payments at 10 percent of income by a 66 to 31 percent margin.¹⁴ Young Invincibles has tested our agenda through polls, focus groups, and conversations with young people across the country. A student-centered Higher Education Act Reauthorization should reflect their priorities.

Provide Debt-Free Access:

Invest in a federal-state partnership to trigger state reinvestment in their public systems

Young adults are clamoring for bold solutions to the persistent and growing cost crises in higher education. As referenced above, state disinvestment has been a large piece of why students have experienced astronomical tuition growth over the past several decades.¹⁵ One 2015 study estimated that state budget cuts are responsible for 78 percent of tuition hikes, with increased spending on administration, operations, and construction accounting for the remaining 22 percent.¹⁶ Communities of color disproportionately bear those costs. For instance, Black and Latinx families dedicate 48 and 31 percent of their incomes to the cost of college, respectively, compared to only 24 percent for white families.¹⁷ Similar gaps exist when looking at net cost, which takes financial aid into account.¹⁸

Despite the essential need to create public systems to provide that education and training, overall state investment in higher education is down 16 percent since the beginning of the Great Recession, and only five states are spending more than they were before the economic crash.¹⁹ The steady withdrawal of state

¹³ "Highlights of Millennial Voters Survey Regarding the Cost of Higher Education," *Young Invincibles*, December 2015, <http://younginvincibles.org/press-releases/new-poll-millennial-voters-are-demanding-candidates-act-on-student-debt/>.

¹⁴ Ibid.

¹⁵ Michelle Jamrisko and Ilan Kolet, "Cost of College Degree in U.S. Soars 12 Fold: Chart of the Day", *Bloomberg*, August 15, 2012, <https://www.bloomberg.com/news/articles/2012-08-15/cost-of-college-degree-in-u-s-soars-12-fold-chart-of-the-day>

¹⁶ Robert Hiltonsmith, "Pulling Up the Higher-Ed Ladder Myth and Reality in the Crisis of College Affordability", *Demos*, May 5, 2015, <http://www.demos.org/publication/pulling-higher-ed-ladder-myth-and-reality-crisis-college-affordability>.

¹⁷ Chris Nellum and Tom Allison, "Race and Ethnicity as a Barrier to Opportunity", *Young Invincibles*, 2017, <http://younginvincibles.org/wp-content/uploads/2017/05/Higher-Education-Equity.pdf>.

¹⁸ Ibid.

¹⁹ Michael Mitchell and Michael Leachman, "A Lost Decade in Higher Education Funding," *Center on Budget and Policy Priorities*, August 23, 2017, <https://www.cbpp.org/research/state-budget-and-tax/a-lost-decade-in-higher-education-funding>.

financial support has placed much more of the cost of postsecondary education on students and families than ever before.²⁰

The creation of federal financial incentives is needed to start the path back to state-level public college affordability. A voluntary program should be created where the federal government will match the level of funding provided by states to their public institutions of higher education, and build on the existing federal financial aid system. As a part of accepting funding from the federal government, the state would be required to maximize the relative value of the money provided by prioritizing the Pell recipient population for grant funding in excess of tuition and fees, to assist with cost of attendance barriers that prevent millions of students from graduating on time, or graduating at all. Additional parts of the grant would also be used to give cost relief to the non-Pell student population through lower tuition, develop student success strategies, align course offerings with local postsecondary providers and employers, and to build capacity and hire faculty to educate the next generation of America's workforce.

Students and their families have been shouldering too much of the burden of higher education for much too long, to the detriment of themselves, their communities, and the country as a whole. A federal-state partnership would also address the growing racial attainment gaps in higher education: in 38 states the gap in education attainment between white and black individuals widened between 2005 and 2015, and the gap between Latinx and white individuals has widened in 39 states.²¹ A comprehensive federal-state partnership plan that values young people as the engine that will drive America forward should be the centerpiece of any Higher Education Act reauthorization.

Increase support for and expand eligibility of the Pell Grant

The Pell Grant allows over 7 million low-income students to attend college annually.²² However, the Pell Grant has not kept pace with the rise in college costs. In the 1980s, Pell covered over half of the cost a four-year public college education; today, it covers less than a third.²³ By pegging Pell to in-state tuition (\$9,970 for the 2017-2018 school year)²⁴ the grant can maintain its value for low-income students, even in the face of eroding state commitments to affordable public access. Additionally, Congress should make a commitment to providing access to low-income individuals, many of them people of color, by funding Pell wholly on the mandatory side of federal budgeting, simplifying and protecting the program from annual attempts to reduce its funding. Finally, populations that stand to benefit tremendously from access to higher education should be allowed to access Pell: the incarcerated, those with prior non-violent drug

²⁰ F. King Alexander, "LSU president: If we want public colleges to be affordable, a federal-state partnership is key," *Washington Post*, August 10, 2016, https://www.washingtonpost.com/news/grade-point/wp/2016/08/10/lsu-president-if-we-want-public-colleges-to-be-affordable-a-federal-state-partnership-is-key/?utm_term=.f8cbc32a9c70.

²¹ Ibid.

²² "Pell Grants Help Keep College Affordable for Millions of Americans", *The Institute for College Access and Success*, June 30, 2017. https://ticas.org/sites/default/files/pub_files/overall_pell_one-pager.pdf

²³ Ibid.

²⁴ "Average Published Undergraduate Charges by Sector and by Carnegie Classification, 2017-18", *The College Board*, accessed February 22, 2018, <https://trends.collegeboard.org/college-pricing/figures-tables/average-published-undergraduate-charges-sector-2017-18>

convictions, and DREAMers. The system should not bar people who want to work toward a degree from financial aid that can help them to do so based on prior actions.

Making the financial aid process easier and less daunting by simplifying the FAFSA

While making college debt-free will require bold reforms described above, reducing student debt levels can start with merely simplifying the financial aid application system. Many students who otherwise would be eligible, never receive aid. The During the 2011-2012 school year, 17 percent of Pell-eligible African-Americans and 10 percent of Pell-eligible Latinx individuals did not fill out the FAFSA because they thought they were ineligible for aid.²⁵ A prime suspect is the complex process. The current FAFSA has over 100 questions and requires significant financial information from a student's family, making filling it out highly confusing.²⁶ That confusion leads to about a quarter of online forms being abandoned, and students missing out on billions of dollars in aid.²⁷ There has been some progress toward improving the experience by the Department of Education: last year 23 business and student groups wrote the committee urging the codification of the usage of prior-year tax information, the IRS' data retrieval tool, and the expanded application period.²⁸ The Committee should adopt those recommendations and move forward on further simplification reforms like letting low-income families only file the FAFSA once, or not have to file if they are means-tested program recipients, and creating a shorter, quicker pathways for all other applicants.

Maximize Student Success:

Providing the data and information students and families need to make smartest choices about where they should attend school

Right now, students and families searching for which college to attend, how to pay for it, and what to study lack quality information about educational, workforce, and debt outcomes, preventing them from making the best decisions for their education and career. Students deserve a reasonable indication of the value of the programs in which they are investing years of their lives and hundreds of thousands of dollars. Despite increased calls for accountability and transparency, we still can't answer fundamental questions about higher education, such as which students graduate from which programs, whether students successfully transfer between institutions, and whether different groups of students are getting good jobs and repaying their loans once they leave school. This is largely due to the student unit record ban included in the last reauthorization of the Higher Education Act.²⁹ We could replace the current

²⁵ Tom Allison & Chris Nellum, "Blueprint for College Equity", *Young Invincibles*, 2017, <http://younginvincibles.org/wp-content/uploads/2017/05/Higher-Education-Equity.pdf>.

²⁶ Kim Clark, "How to Ace the 12 Trickiest Questions on the FAFSA", *Time Money*, January 12, 2016, <http://time.com/money/collection-post/4162717/fafsa-answer-guide/>

²⁷ Charlie Javice, "The 8 Most Confusing Things About FAFSA", *The New York Times*, December 19, 2017, <https://www.nytimes.com/2017/12/19/opinion/fafsa-college-financial-aid.html>

²⁸ "Business Groups and Higher Education Advocates Team Up on Letter to Congress in Support of FAFSA Simplification", *Young Invincibles*, June 13, 2017, <http://younginvincibles.org/letters/business-groups-higher-education-advocates-team-letter-congress-support-fafsa-simplification/>

²⁹ Clare McCann and Amy Laitinen, "College Blackout", *New America Foundation*, 2014, <http://www.newamerica.org/downloads/CollegeBlackoutFINAL.pdf>.

patchwork system of state and federal data reporting and surveys with a national student-level data network (SLDN) that provides students and families with essential information about their college and career choices, while protecting the privacy of sensitive personal information. This information could be especially useful to first-generation college students whose families may not have interacted with the higher education system, and is something supported by students and the business community alike.

Specifically, the Committee should include the College Transparency Act (CTA) within any HEA proposal. The College Transparency Act would create a secure SLDN consisting of a limited set of data elements to answer specific questions about institution and program outcomes, and share that data with the people that need it the most: students. Organizations representing over one million students have signed onto the Student Agenda for Data Reform, a set of principles which the CTA would satisfy.³⁰ More than 130 organizations, representing students, institutions, veterans, college access providers, and employers, have publicly endorsed the CTA, recognizing that this solution is critical to a more functional postsecondary marketplace that serves all students.³¹ HEA reauthorization provides the ideal opportunity to make these needed policy improvements.

Maintaining front-end consumer protections to protect students from the worst possible outcomes

Young Invincibles supports the maintenance of the Gainful Employment rule, the 90-10 rule, the Borrower Defense rule, Incentive Compensation Rule, and cohort default rate as necessary measures of institutional quality and consumer protections.³² We have expounded on those positions at length in the cited public comments below, and would encourage policymakers to examine those to get a full understanding of our position.

Increasing investments in on-campus child care

America's growing cohort of student parents must be intentionally integrated into any reformed higher education system.³³ The building blocks are there: CCAMPIS is small federal grant program that helps low-income student parents access subsidized child care on or near campus from an accredited child care provider. Currently, the federal government spends about \$15 million a year on the program, helping nearly 3,400 Pell-eligible student parents around the country, but meets less than one percent of the total

³⁰ "Student Agenda for Data Reform", *Young Invincibles*, April 2017, <http://younginvincibles.org/wp-content/uploads/2017/04/Student-Agenda-Data-Reform.pdf>.

³¹ Postsecondary Data Collaborative, "Postsecondary Data Collaborative and Workforce Data Quality Campaign applaud bipartisan, bicameral College Transparency Act," *Institute for Higher Education Policy*, October 31, 2017, <http://www.ihep.org/press/opinions-and-statements/postsecondary-data-collaborative-and-workforce-data-quality-campaign>.

³² Young Invincibles Public Comment ED-2017-OPE-0076, July 10, 2017, <http://younginvincibles.org/wp-content/uploads/2018/02/YI-Docket-ID-ED-2017-OPE-0076-Comment.pdf>; Young Invincibles Public Comment ED-2017-OPE-0074, September 20, 2017, <http://younginvincibles.org/wp-content/uploads/2018/02/YI-Docket-ID-ED-2017-OS-0074-0001-Comment-9-20-17.pdf>; Young Invincibles' Response to Sen. Alexander White Paper, February 15, 2018, http://younginvincibles.org/wp-content/uploads/2018/02/YoungInvincibles_Feb2018_SenAlexander_WhitePaperResponse.pdf.

³³ Konrad Mugglestone, "Finding Time: Millennial Parents, Poverty, and Rising Costs", *Young Invincibles*, 2015, <http://younginvincibles.org/wp-content/uploads/2017/04/Finding-Time-Apr29.2015-Final.pdf>.

needs of the 1.3M Pell-eligible student parents raising young children.³⁴ Congress should increase investment in the program by several orders of magnitude to provide access for the additional hundreds of college child care centers serving tens of thousands of student parents already on our college campuses. The overwhelming majority of CCAMPIS recipients tell us that the program has had a transformative effect on their ability to access, afford, and succeed in school while caring for their children.³⁵ Finally, Congress can also offer retention bonuses to recipient schools who demonstrate they are especially effective at keeping student parents on track for graduation.³⁶

Expanding work-study and making it more responsive to future careers

The Federal Work Study program has been in existence for over 50 years, provides financial aid to over 700,000 students and has been shown to have positive effects on graduation and future employment.³⁷ However, there are changes within the program that can make it even stronger. Current funding levels for the program fall far short of meeting the demand for it, and millions of students stand to benefit from access to the program and increased award amounts if Congress chose to fully invest in it.³⁸ Additionally, mostly private, wealthy schools that have relatively few low-income students receive more funding than mostly public schools who have more students in need and fewer resources to serve them.³⁹ Finally, the vast majority of jobs in the program are on-campus and roughly half are unrelated to a student's course of study.⁴⁰

Congress should build on the success of existing program by tripling the funding available to the program to \$3B, allowing it to benefit 2,000,000 more students. The funding formula should be revised to take into account the amount of Pell dollars received by an institution and should reward schools that do more to help their Pell populations graduate, targeting the aid more effectively. Additionally, the program should be reformed to encourage substantive work placements in positions where students can get valuable experience towards future careers both on- and off-campus.

Promoting the creation of wrap-around student support programs

Given the rapidly changing student population, HEA reform should seek to proliferate local programs that don't just stop at helping students get to school, but actually help them complete and succeed.

³⁴ "Higher Education Fiscal Year 2019 Budget Request", *U.S. Department of Education*, February 12, 2018, <https://www2.ed.gov/about/overview/budget/budget19/justifications/r-highered.pdf>; Young Invincibles analysis of National Center for Education Statistics data, February 19, 2018.

³⁵ Torey Van Oot, "Colleges Are Adding Luxe Perks to Lure Students. But Daycare? Too Expensive", *Refinery29*, September 13, 2017, <https://www.refinery29.com/2017/09/171700/student-parent-campus-childcare-issue-ccampis>

³⁶ Bridget Terry Long, "Helping Women to Succeed in Higher Education: Supporting Student-Parents with Child Care," *The Hamilton Project*, October 2017, https://www.brookings.edu/wp-content/uploads/2017/10/es_10192017_higher_education_student_parents_womenlong.pdf

³⁷ Michael Stratford, "Report: Work-Study Students More Likely to Graduate" *Inside Higher Ed*, July 29, 2014, <https://www.insidehighered.com/quicktakes/2014/07/29/report-work-study-students-more-likely-graduate>

³⁸ Rory O'Sullivan and Reid Setzer, "A Federal Work-Study Reform Agenda to Better Serve Low-Income Students," *Young Invincibles*, 2014, <http://younginvincibles.org/wp-content/uploads/2014/09/Federal-Work-Study-Reform-Agenda-Sept-181.pdf>.

³⁹ Ibid.

⁴⁰ Ibid.

One model that has proven successful in addressing the holistic needs of students today is the City University of New York (CUNY) Accelerated Study in Associate Programs (ASAP) initiative.⁴¹ CUNY ASAP provides students with a range of financial, academic, and student support services to help students juggle the multiple demands on their schedules and finances. The program covers the cost of tuition not covered by financial aid, provides students with free textbooks, and offers free unlimited use MetroCards to all participating students. ASAP also provides students with flexible class scheduling options and academic counseling to ensure students take the right courses and graduate on time. Finally, to maximize the impact of the program upon graduation, ASAP assists students with transitioning to a four-year program or find a job that suits their interests and skills. By helping students with demonstrated financial need cover both tuition and non-tuition expenses like transportation and textbooks, ASAP propels students toward graduation. In fact, ASAP students graduate at more than double the rate of non-ASAP students.⁴² Congress should authorize funding to states to establish wraparound student support programs in the mold of ASAP that would scale the program at schools confronting completion challenges.

Promote Student Loan Borrowers' Financial Security:

Maintain an income-based repayment plan that is borrower-friendly

Young generally supports the simplification of the existing student loan repayment system to one time-based plan and one income-based plan, but the specific terms of what is offered to borrowers is as important as making the system easier to use and understand. To start, the time-based plan should not be called the “standard” plan—oftentimes this implication that this is the “right” option can confuse borrowers as to which plan they should be enrolled in, regardless of their best financial interest.

The terms of the income-based plan we propose should contain the following provisions to ensure borrowers can afford on-time monthly payments:

- Maintain the existing income exemption of 150% of the poverty line
- No cap on monthly payments, allowing those making more to pay a larger share of income over time, and allow income-based enrollees to pay as much as they want in a given month
- Multi-year consent for borrowers to eliminate the annual recertification process
- Tax-free forgiveness for all borrowers
- All borrowers should be required to pay 10% of their income for 20 years before having their remaining balance forgiven, but over a certain income threshold, borrowers would pay 15% to ensure financial progressivity

Additionally, Young Invincibles supports creating pilot programs to test an automatic income-based repayment model, as well as the automatic enrollment in income-based repayment for all defaulted borrowers.

⁴¹ “CUNY ASAP at a Glance”, *City University of New York*, accessed February 22, 2018, <http://www1.cuny.edu/sites/asap/about/asap-at-a-glance/>

⁴² “Significant Increases in Associate Degree Graduation Rates: CUNY Accelerated Study in Associate Program (ASAP)”, *City University of New York*, March 1, 2017 http://www1.cuny.edu/sites/asap/wp-content/uploads/sites/8/2017/03/ASAP_Program_Overview_Web.pdf

Maintaining the Public Service Loan Forgiveness program

The Public Service Loan Forgiveness Program was designed to attract talented individuals into public sector employment and make serving their country and communities financially feasible. For many essential public sector positions like social work, education, medicine, and legal aid, graduate education is an expensive necessity to enter and work in the field, and the promise of forgiveness after ten years of on-time payments is the only path for some individuals to ever get out from under student debt. Working in professions that give back to the community shouldn't be a privilege reserved only for those who graduate without debt. The Public Service Loan Forgiveness program should be preserved in any Higher Education Act reauthorization, and Young Invincibles has signed onto a larger coalition letter that has been sent to the Committee.

Instituting a risk-sharing system that would give relief to struggling borrowers

Young Invincibles responded to the Committee's request for comments on higher education accountability measures on February 15, 2018. In those comments, we shared the student perspective on accountability policy at large, but went into particular detail on risk-sharing penalties and how fees recovered can be used to help individual borrowers. In conversations with students across the country, we learned that students view themselves as personally responsible for their success in higher education, while also sharing responsibility with institutions and the government. Students also valued workforce and loan outcomes to evaluate institutions and prioritized the diversity of the student body and faithfulness to institutional missions when making higher education choices. Our objective is to create a risk-sharing system that does alter institutional behavior like most other proposals,⁴³ but also provides retroactive relief to struggling borrowers.

Those discussions bore recommendations for a three-tiered risk-sharing regime that maximizes the chances for student success and protects public investments, summarized below:

- A risk-sharing proposal that charges institutions a Congressionally-designated percentage of the dollar amount of distressed student debt that students used to attend a given institution over a given period of time. A portion of that relief is to be applied to impacted borrowers' individual student loan balances, and the rest directed towards a new grant program rewarding low-income student enrollment.
- Create bonus grant program incentivizing institutions to enroll low-income or otherwise disadvantaged students. Legislation would charge the Department of Education with building an award formula that incorporates the number, percent, and growth of low-income or otherwise disadvantaged students enrolled at an institution. The grant program would be funded through the risk-sharing fees described above, as well as fees imposed on institutions with success rates below 33 percent, described below.
- Enforce "success" threshold of 33 percent (at least one third of students retained, graduated, or transferred) for all Title IV institutions, a threshold currently applied to new institutions.

⁴³ Ben Miller and Beth Akers, "Designing Higher Education Risk-Sharing Proposals," *Center for American Progress*, May 22, 2017, <https://www.americanprogress.org/issues/education-postsecondary/reports/2017/05/22/432654/designing-higher-education-risk-sharing-proposals/>.

Institutions not meeting this threshold will pay a fee equal to one percent of their total Title IV receipts.

Tackling many of the challenges presented by poor student loan servicers and improving the system for student loan borrowers

Finally, we support several alterations to the existing loan system to make it more borrower-friendly:

- Allow federal borrowers to refinance at lower rates and allow private borrowers to refinance with a federal servicer. The ability of a debtor to refinance their private debt into federal loans also makes them eligible for income-based repayment, bringing down monthly payments even further. This has the added benefit of making the federal financial aid system stronger by competing with private companies that remove borrowers least likely to default on their loans from the federal financial loan pool through offers of refinancing.
- Align servicers' and debt collectors' financial incentives with the humane treatment of borrowers and prevent bad servicers from getting federal contracts in order to improve the borrower experience. These steps can help curb default and delinquency, prevent overpayment, and the use of forbearance and deferment when it is not best for the borrower. These steps can potentially save borrowers substantial sums of money as overpayment was estimated to have cost borrowers \$22 million from just one servicer alone (Sallie Mae).⁴⁴
- Consumer protections for private student loan borrowers that ensure that borrowers know the difference between federal and private loans, ensure that borrowers have access to better repayment options, and can access bankruptcy protections for those truly struggling. There are an estimated \$8.1B in defaulted private loans, some of which could have been prevented by better consumer protections and bankruptcy discharge.⁴⁵
- Require the Consumer Financial Protection Bureau and the Department of Education to sign a memorandum of understanding to share the burden of debt-related student complaints.

Conclusion

Fixing our higher education system will require action from all stakeholders – smart investments by state and federal governments; better performance by institutions; and reforms to our draconian laws facing struggling debtors. But in taking bold action, candidates can bring back the promise of an affordable, quality degree, while cutting current debt-levels in half for today's struggling borrowers. In addition to this letter, Young Invincibles has attached our paper on racial equity in higher education with greater detail on our agenda. We look forward to working with your offices as this process moves forward, and thank you for the opportunity to comment.

Sincerely,

Young Invincibles

⁴⁴ Shahien Nasiripour, "Obama To Announce Student Loan Reforms as Education Department Stalls", *Huffington Post*, March 3, 2015, http://www.huffingtonpost.com/2015/03/10/obama-student-loans-rights_n_6835922.html.

⁴⁵ "Private Student Loans Report", *Consumer Financial Protection Bureau*, July 19, 2012, <http://www.consumerfinance.gov/reports/private-student-loans-report/>.