

On Affordable College

Answer THE COL!

- ✓ Support participation in college with \$11 billion annually in financial grants, not loans
- ✓ End government participation in student loan programs, freeing the taxpayer from bad debt
- ✓ Restrict predatory bank loans to students with bank regulation
- ✓ Stop predatory private college activity through education regulation
- ✓ Decrease the cost of public community college, providing a lower cost option for students
- ✓ Spur economic growth through debt reinvestment and stimulating education in STEM and high need job markets
- ✓ Decrease the price of attending high demand universities as they experience increased competition for students from regional colleges

On Affordable College

THE COL Make College More Affordable

1. THE COL address the issue as an economic problem. See *COL College Affordability Act*.
 - a. Due to government backed loans, demand is artificially high.
 - b. The major university and private university markets always will have higher prices since each major university has a monopoly on its brand.
 - c. The smaller two and four year public universities always will have lower prices due to the competitive market.
 - d. We will eliminate artificial demand and augment essential demand for economic growth.
2. Indirectly related, THE COL solve the student loan debt crisis, reinvesting the debt into the economy. See *COL Student Loan Forgiveness Act*.

THE COL College Affordability Act

1. The national government will no longer secure education loans.
2. THE COL will offer annually \$11 billion in grants in STEM, high need professions, and technical jobs, reducing cost by 50% over existing loan program based on merit and financial need
3. Provide \$8 billion in targeted matching funds to state governments for “high risk”¹ struggling communities
4. Colleges and universities, if they accept federal grants,
 - a. must for all students who pay 25% or more of total cost with loans
 - Waive all fees (except fines) AND
 - Lock tuition, dorm, and meal fees at year one cost for two years
 - b. Must provide a “no frill” dorm and meal experience (3 “hots” and a cot)
 - c. Loan money may NOT be used for more expensive living options
5. Change the post-secondary funding formula from FTE to head count, shifting funding away from universities and towards community colleges

¹ “High risk” means that the government spends a disproportional amount on welfare programs or criminal activity.

6. Reduce the number of payments in the Public Service Loan Forgiveness (PSLF) to 60.
7. Private institutions may develop whatever loan programs they see fit
8. Future bank loan limitations
 - a. First two years limited to public community colleges or tech schools
 - b. Second two years also may include public universities if student
 - Successfully earned credit in 3 or more AP or IB courses in high school OR
 - Earned a 3.5 average over first 2 years of college
 - c. No limits on graduate school loans
9. Loan limits for students
 - a. Must maintain full time enrollment even after “drops”
 - b. Maintain a 3.0 average
 - c. Work 20 hours a week part time
 - d. In the summer, students must have a full time job or attend school full time
 - e. Students must live at home first two years and at home or in dorm second two years
 - f. Eliminate bar on enrollment, grants, and loans for most convicted felons

On The Student Loan Debt Crisis

Define the Issue²

- Student debt is an issue for many but not all of the 43 million with government backed loans.
- The government is on the hook for \$1.5 trillion dollars.

THE COL Student Loan Forgiveness Act

1. Any debt or interest forgiveness will not be taxable.
2. The government will NOT buy graduate school loans.
3. Individuals many choose to
 - a. Pay back loan at no interest,
 - b. Have the loan forgiven as taxable income payable over five years with credit agencies reporting favorable activity over 5 years,
 - c. Have the loan forgiven in exchange for paying back through tax refunds and foregoing government assistance, or
 - d. Choose Chapter 7 bankruptcy to discharge the debt (which is a change from current law).
4. Individuals how fail to choose an option will be assigned option 4c.
5. All forgiven loans will be purchased from banks.
6. Individuals in PSLF also may choose any of the options provided above.
7. The government will provide no additional relief for personal bank loans, credit cards, or home equity loans, or loans against IRAs.
8. The banks will receive the full principle adjusted for inflation minus payments. In exchange, the banks must loan the money within 12 months or repayment.

² Miller, Ben Miller, et al. “Addressing the \$1.5 Trillion in Federal Student Loan Debt.” *Center for American Progress*, Center for American Progress, 12 June 2019, 5:00 AM, www.americanprogress.org/issues/education-postsecondary/reports/2019/06/12/470893/addressing-1-5-trillion-federal-student-loan-debt/.