

Promoting Equal Access to Higher Education Priority Agenda 2013

***National Consumer Law Center's Student Loan
Borrower Assistance Project***



Despite all of the government money spent on financial aid, the difference in college graduation rates between our country's top and bottom income groups has widened by nearly 50% over two decades. The original goals of federal student aid of making higher education more accessible are more elusive than ever.

The stakes are high as we search for ways to thrive in a competitive global economy and to keep our democracy alive. According to the report of the 1947 Truman Commission on Higher Education: "Equal opportunity for all persons, to the maximum of their individual abilities and without regard to economic status, race, creed, color, sex, national origin, or ancestry is a major goal of American democracy. Only an informed, thoughtful, tolerant people can develop and maintain a free society."

General Principles

1. Target assistance to the neediest students and their families.
2. Reduce reliance on student loans and increase grant aid for those with the most financial need.
3. Improve the availability and accuracy of information about financial assistance options and about key school-related performance measures such as completion and job placement rates.
4. Ensure access to flexible, affordable repayment options.
5. Create consistent quality servicing and collection standards as well as enforcement rights for borrowers when servicers or collectors break the law.
6. Eliminate adverse tax consequences for those who have student loan balances written off.
7. Rein in for-profit school abuses and create broad relief programs for those subjected to abusive practices.
8. Create counseling assistance services for financially distressed borrowers that are not tied to lenders or guaranty agencies.

Additional Federal Student Assistance Policy Priorities

1. Eliminate draconian government collection powers such as Social Security and Earned Income Tax Credit seizures.
2. Get rid of private collection agency involvement in collecting federal student loans.
3. Give borrowers more than one chance if they default on federal student loans. The current "one strike and you're out" limit on loan rehabilitation and consolidation is a short-sighted policy that harms both borrowers and taxpayers.
4. Restore a viable safety net for ALL student loan borrowers, including:
 - Bankruptcy rights for all student loan borrowers,
 - A statute of limitations for federal student loans
 - Enforcement of fair debt collection rights, and
 - Set a maximum time limit for repayment.
5. Improve government operations so that borrowers can access the programs they are entitled to.

Additional Private Student Loan Policy Priorities

1. Eliminate predatory student lending, including development of sound underwriting standards ensuring ability to pay.
2. Require private student lenders to offer relief for financially distressed borrowers.
3. Collect data on private student lending, including loan defaults, and work with the Department of Education and other lenders to make this information available to borrowers and advocates as well as policymakers.

Background Materials: Select NCLC Reports

- *The Student Loan Default Trap: Why Borrowers Default and What Can Be Done*, July 2012
<http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/student-loan-default-trap-report.pdf>
- *Piling It On: The Growth of Proprietary School Loans and the Consequences for Students*, January 2011
<http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/proprietary-schools-loans.pdf>
- *Too Small to Help: The Plight of Financially Distressed Private Student loan Borrowers*, April 2009
<http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/TooSmalltoHelp.pdf>
- *Paying the Price: The High Cost of Private Student Loans and the Dangers for Student Borrowers*, March 2008
http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/Report_PrivateLoans.pdf
- *No Way Out: Student Loans, Financial Distress, and the Need for Policy Reform*, June 2006
<http://www.studentloanborrowerassistance.org/blogs/wp-content/www.studentloanborrowerassistance.org/uploads/File/nowayout.pdf>

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Since 1969, the nonprofit **National Consumer Law Center®** (NCLC®) has worked for consumer justice and economic security for low-income and other disadvantaged people, including older adults, in the U.S. through its expertise in policy analysis and advocacy, publications, litigation, expert witness services, and training. Visit: www.nclc.org.

NCLC's Student Loan Borrower Assistance Project provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable. Visit: www.studentloanborrowerassistance.org.