

Tackling the Looming Student Debt Crisis

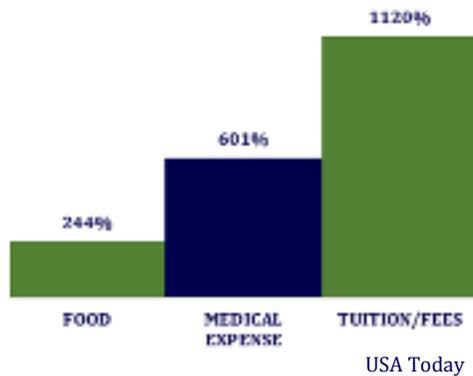
STUDENT LOAN DEBT FACTS

1. **Private student loans offer robust underwriting** to help ensure students do not borrow more than they can afford to repay.
2. According to the Federal Reserve Bank of New York, **one in five** borrowers in repayment is seriously delinquent or has defaulted on their student loans. Given 98 percent of private loan borrowers are successfully repaying their loans, large numbers of federal borrowers are struggling.



3. Nearly unlimited federal lending through PLUS loan programs has a direct correlation to increasing tuitions with **every dollar in federal aid increasing tuition rates between \$0.25 and \$0.63**, according to the Federal Reserve Bank of New York.

COST INCREASES: 1978-2016

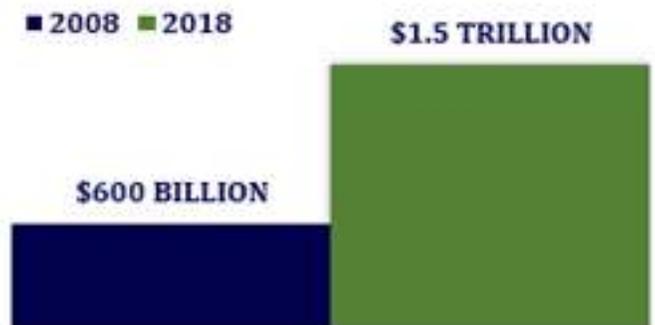


4. **Private student loans do not charge origination fees.** Federal loans do.
5. Private student loans offer borrowers an array of options such as **fixed and variable interest rates, various repayment terms and multiple repayment options.** Numerous private lenders offer **competitive refinancing and loan rehabilitation** options.
6. **Private loans include three different plain language disclosures, covering 18 key provisions** about the loan, including the availability of federal loans. **These upfront disclosures do not exist for federal loans.**
7. **All student loans – federal and private – are treated identically for bankruptcy purposes** and are **dischargeable in cases of undue hardship.**

CBA RECOMMENDATIONS

1. **Increase availability of Pell Grants.**
2. **End unlimited PLUS loan borrowing** to reduce tuition increases.
3. **Implement “Know Before You Owe” disclosures** to explain terms of federal loans.
4. **Rename so-called “Award” letters provided by colleges to “Financing” letters** to clearly differentiate loans from grants and scholarships.
5. Require school certification of private education loans to prevent over borrowing and fraud.
6. **Utilize economist-preferred fair value accounting** to show the true cost of federal student loans.
7. Require detailed **public reports on performance** of the federal government’s direct loan portfolio.

STUDENT LOAN DEBT



STUDENT LOAN MARKET OUTSTANDING BALANCE

