

Resolution 36

ADDRESSING THE INCREASING BURDEN OF STUDENT DEBT AND SUPPORTING HIGH-QUALITY PUBLIC HIGHER EDUCATION

A COLLEGE EDUCATION has been one of the stepping stones for entering the middle class, a dream that many have worked toward for themselves and their children. Our institutions of public higher education have been there to help them fulfill this dream. Now, when the United States needs a highly educated workforce to remain competitive in the global market, it is imperative that we ensure attaining a higher education degree is equally affordable and accessible to all.

The public higher education system in the United States, from community colleges to flagship research universities, is a public good that plays a key role in everything from providing new skills and retraining opportunities for incumbent workers; to training future professionals in fields like medicine, engineering and education; to producing groundbreaking research that has improved the lives of countless Americans and provided them with economic opportunities. Public higher education benefits not only those who access it but also our communities: Studies have found that higher education leads to better health outcomes, less reliance on social safety net programs, an expanded tax base, and higher rates of civic participation and volunteerism. Unfortunately, massive and ongoing state disinvestment in our institutions of public higher education has shifted the burden of financing higher education onto the backs of students and their families through skyrocketing tuition and fees. Despite these increases in tuition, public colleges and universities are cutting academic programs, slashing the support services that are crucial to student success, and increasingly relying upon a contingent academic workforce.

Most students in postsecondary education have to rely on loans to finance their education. Outstanding student loans will exceed \$1.2 trillion in 2013. According to the Federal Reserve Bank of New York, Americans now owe more on student loans than on credit cards.

The rise of for-profit colleges has accelerated this crisis. While for-profit colleges make up only 10 percent of the total postsecondary student population, they take in 25 percent of all Pell Grants, the primary federal financial assistance program, and they produce 44 percent of the total number of student loan defaults.

Increasing numbers of students, especially low-income students and people of color, see their educational opportunities curtailed by the specter of long-term debt. Predatory lending has been rampant in higher education, just as it has been in the housing loan sector, with banks and colleges preying on young adults, many of whom have little financial literacy. This massive debt burden creates a drag nationally on our recovery from the Great Recession, while it also creates barriers for individuals to participate in the economy, preventing them from investing in homes and families, due to the drain caused by servicing these debts.

President Obama has called for an aggressive strategy to address student debt relief. Public Service Loan Forgiveness, Income-Based Repayment and other loan repayment assistance programs need to be supported to help deal with this crisis.

The AFL-CIO resolves to:

- Support legislation and policies at the federal level that will help reduce the burden of student debt by: reforming bankruptcy laws to allow student debt to be discharged through bankruptcy, requiring institutions to counsel students who have not exhausted their federal financial aid and loan options before they certify private loans, introducing refinancing options for existing loans, consolidating loan forgiveness programs into one similar to the federal Pay As You Earn Repayment Plan (which allows loan forgiveness after 20 years with monthly payments equal to 10 percent of the borrower's discretionary income), and allowing borrowers to swap private loans for federal loans with more-favorable repayment conditions and options;
- Demand that private student loan lenders increase flexibility in repayment options for borrowers of private student loans, including loan forgiveness and income-based repayment options;
- Support legislation and policies at the federal and state levels that increase funding and access to needs-based aid; simplify the process for applying for this aid; provide financial and academic support to first-generation students, low-income students and students of color; and give undocumented students who have graduated from high schools in the United States access to federal financial aid;
- Encourage its state and local affiliates to support state legislation and policies that will increase public investment in instruction and student support services at public colleges and universities, and that will decrease the financial burden for students and their families rather than restructure and prolong the burden, as policies such as "Pay It Forward" may do;
- Support legislation and policies at the federal level that will curb and eliminate the frauds and abuses practiced by predatory lending institutions and unscrupulous for-profit colleges; and
- Assist and encourage affiliates to support expanding federal student loan forgiveness in proportional exchange for time spent working in the field of public service. This would provide a stimulating effect on the states' economies, freeing hundreds of thousands of dollars per month per affected individual for increasing spending, generating economic activity and creating jobs.