

## Student Debt and Public Service Loan Forgiveness: Reforming a Broken System, Incentivizing Public Service

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### **Student debt has exploded over the past two decades as average tuitions at all levels of higher education have risen at rates well above the inflation rate.**

- There are increasingly dire consequences for the growing number of graduates struggling with often mortgage-sized debts and increasing risks for taxpayers if these loans go unpaid.
- College graduates of all ages and backgrounds are putting off having families, buying homes, and other major life decisions due to the burden of their student debt.
- Growing educational debt remains one of the most significant challenges in recruiting and retaining public service professionals, particularly those from low-income and disadvantaged communities pursuing occupations that require advanced degrees.

### **The following principles are fundamental to reaching a more comprehensive solution:**

- More market discipline for tuition charges at all levels of higher education;
- Loans available at reasonable levels for people of all persuasions to pursue higher education;
- Accountability for schools as well as for students and graduates;
- Loan repayment based on the income of graduates with forgiveness of any remaining balances in a reasonable amount of time; and
- Continuation of the public service loan forgiveness program for graduates pursuing public service careers.

### **Congress should preserve the Public Service Loan Forgiveness and income-based repayment programs while making much-needed broader reforms to the way the federal government handles higher education financing and student debt.**

- Reforms should focus on the front end of the system of higher educational financing, rather than on these “back end” programs that are working as intended to encourage public service and equitable repayment of student debt.
- A comprehensive solution to this problem is necessary to ensure people from all corners of America have equal opportunity to pursue higher education.