

## Equality in Higher Education Financing and Repayment Act

The Equality in Higher Education Financing and Repayment Act (EHEFRA) is a comprehensive effort to fairly and equitably tackle the unsustainable levels of student loan debt that are exacerbating existing inequalities in education access and opportunity as well as inhibiting entrepreneurship. The EHEFRA would create a more rational, fair, and accountable system, freeing many Americans from the weight of debt-based decision-making and simultaneously giving the economy a much-needed stimulus during the current financial crisis.



### The Problem

- Student loan debt in the United States has reached an unsustainable level that, even before the pandemic, has distorted the economic behaviors of students, graduates, and institutions.
- The current student loan system consists of a confusing array of financing and repayment programs that are inefficient and ineffective and can have dire consequences for borrowers.
- The COVID-19 pandemic and resultant recession have worsened the economic impact of this byzantine system and will continue to hinder our economic recovery if we do not act now.

### The Solution



- The linchpin of the proposed new Act is the chance to take advantage of today's near zero interest rates to provide all borrowers with a one-time opportunity to refinance both public and private student loan debt at lower and more sustainable rates.
- Moving forward, the EHEFRA would create one multi-tiered, income-based repayment program to streamline and simplify the options for borrowers, along with a number of other reforms to encourage employer assistance with student loan repayment, improve borrower education, and increase accountability for all.
- While the temporary fixes implemented in the CARES Act will help many borrowers in the short term, unleashing the full economic potential of all graduates will require permanent and comprehensive fixes to address the long-term economic consequences of the existing student loan system.

### The Impact



- The EHEFRA would result in a significant economic stimulus by giving all graduates the ability to repay their student loan debt at a rate determined by their income and empowering students at all income levels to pursue higher education.
- Without never-ending mortgage-sized student loan bills, millions of Americans will be free to stop putting off life decisions such as working in public service, starting a business or family, or buying a home.
- These reforms would:
  - promote public service and entrepreneurship when we need both more than ever,
  - fight inequality by giving low- and moderate-income students fair access to education, and
  - help reputable schools that are facing unprecedented challenges now by encouraging and enabling students to pursue higher education.
- The EHEFRA would create a more rational, fair, and accountable system of financing and repayment going forward that will better serve students, graduates, institutions, and our country.

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