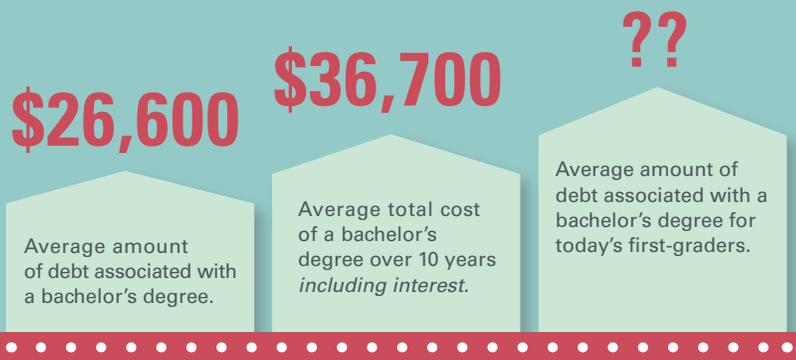


DOING AWAY WITH DEBT

Using Existing Resources to Ensure College Affordability for Middle and Low-Income Families

Our financial-aid system, built in a different era, is now inefficient, inequitable, and inadequate to meet the current college affordability challenge.



THE SOLUTION

The Education Trust has a plan to redesign the college aid system, making it simpler, fairer, and more effective.

CONDITIONAL INTEREST-FREE LOAN GUARANTEE FOR MIDDLE-INCOME STUDENTS

CONDITIONAL DEBT-FREE GUARANTEE FOR LOW-INCOME STUDENTS

HOW IT WORKS

The federal government consolidates and targets a series of existing higher education tax, loan, and grant programs — protecting the Pell Grant program — to provide funds to states that limit tuition growth and have a no-loan/no-interest policy for hard-working students.

STATES COMMIT TO



Ensuring no-loan & no-interest guarantees.



Stabilizing tuition and fees.



Ensuring easy transfer among institutions.

- Publishing return-on-investment data for all colleges.
- Ensuring all students enroll in a college- & career-ready course of study in high school.

INSTITUTIONS COMMIT TO



Offering the courses and course pathways necessary for students to complete in a reasonable period of time.

- Meeting minimum standards on indicators such as graduation, Pell enrollment, and Pell graduation rates.
- If they have exceptionally large endowments, using their own funds to provide the no-loan guarantee.

STUDENTS COMMIT TO



10 hours of work / service a week.



Attending college full time.



Completing within 150% of time.

- Completing a college- & career-ready course of study in high school.

WHO IT HELPS

1.5 MILLION

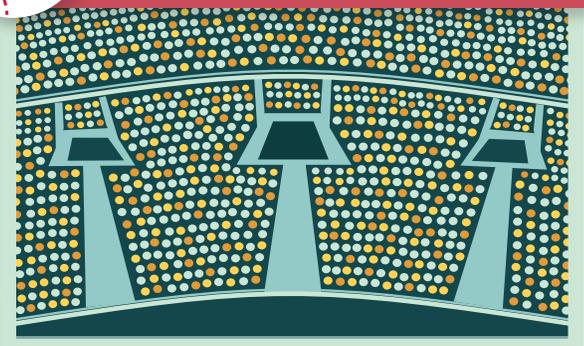
Number of students from middle-income families who qualify for interest-free loans at no new cost.

2 MILLION

Number of students from working class and low-income families who qualify for a debt-free guarantee.



The number of students who would be helped by this proposal **EXCEEDS** the seating capacity of all Major League baseball stadiums combined!



NO-LOAN/NO-INTEREST GUARANTEES ARE COST NEUTRAL

10

The number of existing student aid programs that can be targeted, consolidated, or re-imagined to better provide funding for students to access and complete college debt-free or with no-interest loans.



The Education Trust

For more information visit www.edtrust.org/doingawaywithdebt

WHAT PEOPLE ARE SAYING ABOUT DOING AWAY WITH DEBT

“Visionary. ... A powerful conception of shared responsibility.”

— Ronald Brownstein, *National Journal*

“Addresses the root causes of the debt-for-diploma system.”

— Tamara Draut, author, *Strapped: Why America’s 20- and 30-Somethings Can’t Get Ahead*

“One of the most comprehensive and most thoughtful proposals [funded by the Bill & Melinda Gates Foundation].”

— Robert Moran, American Association of State Colleges and Universities

“The words debt-free college are music to students’ ears.”

— Rory O’Sullivan, *Young Invincibles*

“A contribution ... that is much needed and long overdue.”

— Travis Reindl, formerly with the National Governors Association