

# Strategies for a *Debt Free Future*

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## A Jobs with Justice Campaign Overview

When discussing higher education these days, it seems impossible to avoid the conversation of student debt. It's hardly surprising: student debt is now the second largest form of consumer debt, totaling \$1.3 trillion dollars. The vast majority of college graduates, more than 43 million, are leaving campus indebted for their time there.

This wasn't always the case with student debt. Up until the mid-1970's, many public institutions were free or close to free. Federal and state financial aid covered a significant portion of the cost to attend college, even granting stipends in some cases. But over the past three decades, the cost of college has grown more than 1,150% - outpacing inflation, healthcare costs, and other living expenses.

Young American households (headed by an adult younger than 40) who have a college degree but no student debt typically have seven times the amount of wealth (\$64,700) than families that also had a college degree with student debt (\$8,700). For young American households with no college degrees, those with no student debt typically had nine times as much wealth as debtor households (\$10,900 vs \$1,200) while having nearly identical household incomes.<sup>i</sup>

This allows much greater opportunity for a family with no debt to do things like save for their children's college experience, put money towards retirement, purchase a house, or start a business. For those with debt, many families find themselves caught in a cycle of poverty



where they're never able to accumulate wealth, depending on debt in order to make ends meet. This is one way in how student debt is exacerbating wealth inequality, benefitting those that can afford to attend college without accruing debt and making life even more difficult for those that couldn't. Unfortunately, the loss of wealth is likely being underestimated.<sup>ii</sup>

But there is a lot we can do!

## Expanding Access to Debt Relief

The campaign is partnering with public service workers to pressure employers to notify all employees about their eligibility to these free government programs and enrolling mass waves of workers into these government programs—mandating it in existing collective bargaining agreements and winning new administrative policies via grassroots pressure by rank and file workers. These “blitzes” are aggressively signing workers up for these important debt relief programs while expanding the scope of what many public sector workers bargain for. Campaign partners, such as the American Federation of Teachers, are also demanding employers make workers aware of programs like Income-Driven Repayment options, Public Service Loan Forgiveness and shared payment of loans as a part of the compensation package, adding debt pay-off to a worker's compensation package in low-paying industries that require expensive degrees, and partnering with organizations like CoWorker.org to maximize worker-to-worker organizing on and offline.

To help raise awareness and get the word out about all the ways student debt is impacting workers, the campaign is also working with the Consumer Financial Protection Bureau to host quarterly webinars for workers dealing with their debt, ranging from repayment plans to loan forgiveness. By opening up direct access to government officials for workers, we're able to demystify the hurdles workers fear when they start to pay back their debt. Due to the overwhelming feedback we received for our first webinar last year, we're not only continuing that program, but adding to it by launching a Debt-Free Future website in 2015 to house previous webinars and up-to-date information for debtors.

## Decriminalizing Debt

Every year thousands of workers are losing their ability to work because they can't afford to pay back their student loans. At least 22 states have previously passed

and enforce laws that suspend professional licenses and certificates for those that have defaulted on their student loans, particularly targeting nurses and teachers. This problem is exacerbated by the fact that both the Department of Education and the White House expect defaults to rise in the next few years. Just in 2015, the Debt-Free Future campaign has expanded to partner with state coalitions to introduce bills to repeal these laws in both Iowa and Montana, both raising public awareness about these laws attacking workers with student debt and building momentum to end these bad practices.

## **(Un)Popular Economics: Educating Debtors on their Rights**

The campaign created a new training called “(Un)Popular Economics” that explains how the student debt crisis came to be, educates participants on programs that help reduce monthly payments leading to real debt-relief, and helps prepare future college students to navigate the complex financial aid arena. In partnership with the Highlander Research and Education Center, we have expanded the existing curriculum to insert more space and time for strategizing at the municipal and state levels for participants and to develop a team of local leaders from different industries that can provide these trainings in communities across the country.

## **Remove Corporate Influence in Higher Education**

The Department of Education now owns over \$1.1 trillion in student debt out of the \$1.3 trillion that is owed in total. Our campaign focuses on shifting the behaviors and practices of this agency as the dominant trendsetter of the student debt industry. And we aim to pressure the Department of Education and their contracted servicers and debt collectors to better promote and protect existing forgiveness programs – like Public Service Loan Forgiveness.

Campaign partners in several states are working to pass state legislation that both increases our power to negotiate the terms of existing and future debt while also disorganizing our opposition—the antagonists of the student debt industry like bankers and for profit institutions—minimizing their role in higher education. This strategy includes bills that restore consumer protections, prevent Wall Street’s ability to profit off of public dollars going to higher education, and reduce the cost of education for students and their families.

Together with our partners, the United States Student Association and the Student Labor Action Project, working with state and federal governments, the campaign advocates for the expansion of the Pell Grant program and increased state investment in higher education. We will also organize campus activities to increase campus credit card transparency, remove bankers from college and university boards, and expose the predatory nature of for-profit colleges.

Last but not least, the campaign intends to build working class power starting with those most impacted by this problem. We aim to strengthen the “Higher Education Economy,” giving students, campus workers, adjuncts and professors more power on their campuses to remove the influence Wall Street bankers have over public colleges and universities.

## **National Partners**

Alliance for a Just Society  
American Federation of Teachers  
American Federation of State, County and Municipal Employees  
Coworker.org  
Highlander Research and Education Center  
National Consumer Law Center  
National Nurses Union  
Student Labor Action Project  
United States Students Association

## **State/Local Partners**

AFT New Jersey  
California Federation of Teachers  
California Nurses Association  
Colorado Jobs With Justice  
Colorado Education Association  
Denver Classroom Teachers Association  
Iowa Citizens for Community Improvement  
Massachusetts Jobs With Justice  
Montana Organizing Project  
New Jersey Higher Education Coalition  
New Jersey United Students  
San Francisco Jobs With Justice  
UMass Center for Education Policy and Advocacy

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<sup>i</sup> <http://www.pewsocialtrends.org/2014/05/14/young-adults-student-debt-and-economic-well-being/>

<sup>ii</sup> [http://newyorkfed.org/research/staff\\_reports/sr523.html](http://newyorkfed.org/research/staff_reports/sr523.html)