**Senator Elizabeth Warren  
Remarks to the Education Writers Association Conference on Higher Education  
Northeastern University, Boston, MA**

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Thank you to the Education Writers Association for inviting me to join you today. The American education system faces some huge challenges, and high quality news coverage in this area is more important than ever. So I am very pleased to have the opportunity to speak with you today.

I understand that you all have been discussing the challenges that face our higher education system.  Good! Because the truth is, our college students are in crisis-and we need to talk about it and then make some meaningful changes.

I don't have to tell this group about rising college tuition. Many of you have been

sounding the alarm on this for a very long time, but I’m going to start to speak by just giving the highlights one more time. College tuition and fees have been skyrocketing for decades.

A kid who goes to a public university today, adjusted for inflation, will pay about 300 percent of what her dad would have paid 30 years ago for going to the same school. And even after we look at all the discounts colleges offer students, costs are piling up across the board; and low- and middle-income families are being hit especially hard.

College-pricing trends can be explained, obviously, in a lot of different directions; but the need for raising tuition boils down to two simple causes: either less finance is coming in the door, or more money is going out. And both of these are happening with our schools today. Many colleges are losing revenue because of less state support or lower alumni donations. And so they need more tuition dollars to make up the shortfall.

Other colleges are simply spending more each year. They’re spending more on research, on facilities, on competition for the best students; and they’re financing those improvements with higher tuition.

There’s another driver of higher college costs that often gets lost in the conversation. Total college costs aren’t just affected by tuition bills. They’re also affected by the number of years it takes to finish. Today, fewer than 40 percent of students finish a bachelor’s degree in four years. And those extra years the student spends in school – an extra one year, an extra two years – that just keeps adding to the cost – another 25 percent, another 50 percent. It adds up for these kids.

More and more low-income and middle-income students just can’t afford to pay the high cost of college. But if those kids want a shot at a stable future, the kind that comes with a college degree, then they can’t afford not to pay, either. So they take on loans to finance their education. That debt is adding up, the student-loan debt, and now approaches $1.2 trillion and a huge portion of this debt rests on the shoulders of young people who are struggling to keep up with mounting bills at the same time that they’re trying to launch their lives.

Student-loan debt is a threat to our students’ futures, and it’s also a threat to our economy. I don’t know if you-all saw it, but there’s a recent report from the Consumer Financial Protection Bureau, and it cited student debt as a serious obstacle to home ownership and to saving for retirement. The Federal Reserve came out with a study earlier this year that made it clear that education debt is dragging down family budgets and poses a risk to the economic recovery. There’s a real impact here.

And here’s the problem. Instead of using education to build economic security, inefficient and ineffective education policy is hollowing out our middle class. We must do better, for the financial health of our families and the financial health of our economy. And that means taking steps to address both the existing mountain of student debt, and it means taking steps to address the higher cost of college.

Okay. Now I should just end my speech right there, and say, “Fix all that,” and we’ll move on; but, I came prepared today; I knew I was going to be talking to the experts, and so I want to talk about what I think we ought to do about this thing.

Let’s start with student-loan debt. Here are three things I think we should do right now. Not next year, not in five years, but right now.

First, we should eliminate government profits from the student-loan program. Period. Student loans should cost no more than what it costs for the government to make those loans. The point of these programs should be to help kids get an education, not to tax them for the privilege of borrowing money so that they can go to school. So that’s the first one for me.

The second: We should reduce the burden of student debt on existing borrowers by refinancing the debt to let students take advantage of historically low interest rates. So refinance the debt that’s out there.

And the third: Restore basic consumer protections, like bankruptcy relief so that when students get into trouble with job loss or the serious health problem, family break-up, that drives them over an economic cliff, they’ve got a way to deal with their student loans.

These are all important changes, and they would make a huge difference to millions of families. It’s something we could do right now, and it’s something we should do right now. So what about the other half of the problem? Rising college costs.

How do we deal with rising college costs for all of our students? Well, I put restoring the traditional role of public higher education at the top of my list. Public colleges and universities are the backbone of the American educational system. More than three-quarters of college students in the United States are enrolled in public schools, whether it’s a community college, a flagship research university, or a local state college.

There was a time when state schools provided a reasonably priced, high-quality education for all our citizens. Today, the quality of the education at most public schools is strong, but the price is staggering.

A generation ago, states covered the bulk of the costs in our public universities; but most states are steadily cutting their investments in higher education. From 2007 to 2012, a five-year period, state funding per student dropped by an average of 23 percent. Let me say it again: a 23-percent drop in financing for our state schools. That’s just astonishing. And it means that parents and students have to pay more, and that’s making state schools less and less affordable for students who don’t come from wealthy families.

The federal government can’t solve this problem alone, but the federal government can, and should, leverage its dollars to push for improved educational quality, and lower tuition costs. In the same way that the federal government helped build the national highway system across the country by partnering with the states, the federal government could partner with the states to help lower the costs for public higher education.

Congress could provide matching funds to the states, when the states agree to provide better funding for public colleges, and when the colleges themselves agree to manage the costs better for their students. Sure, there are complications about how different states and different schools can meet their goals, but heck, there were complications in how to build roads through mountains, and across deserts; but we managed to solve those problems.

So what else can we do to make college affordable? Well, we can give colleges additional incentives to keep student debt low, and academic quality high. Right now, colleges reap all of the benefits of student loans funds, while students and taxpayers bear all of the risk.

There are far too few incentives in the federal system, in the loan program, that encourage colleges, to curb their spending, or control the debt of their students. The federal government should use the student loan program to encourage colleges to keep costs down.

Here’s a simple place to start. Give colleges some skin in the game. When borrowers default on their loans, students and taxpayers feel the effects of that. Colleges should feel some of that heat, too. Schools that run programs that result in high default rates should feel the impact of their failure to prepare their students for economic survival. And if we save money by getting colleges that perform poorly to have to pay something back into the system, we can use that money to help reward the schools that keep college costs low.

Finally, we should reform our federal student aid programs. Research shows that students are not effectively using the aid programs. A whopping 40 percent of community college students who are eligible for Pell grants don’t even apply for them. Think about that. Pell grants. They’re not even applying for them.

There are now 6.5 million students, or former students, who are in default on their student loans. And yet we have expanded the new programs like income-based-repayment options, and the take-up rate in these programs is small. We are not getting students to the right places. Many people say the solution to these problems is to give students more information.

Okay, look, I am a fan of more information, but I don’t believe that giving people a complex wiring diagram is the way we stop electrical fires. At some point, we have to acknowledge that the financial system is simply too complex, and we need to make changes. So to address this issue, we need to rethink student aid from the point of view of the student. Families should not have to wait until the eleventh hour to find out how much federal aid they will receive. We should calculate aid packages before students even apply for college.

Students graduating with debt should be guided into repayment plans that fit their needs and if they struggle to repay, then we should reach out and help them get into programs, not stand by and watch them fail.

And third, instead of asking students to wait 10 years for the possibility of public-service loan forgiveness, we should set up a forgive-as-you-go plan, system, that allows students to pay off their loans, starting right away, in proportion to the time that they spend in public service.

Now I know some people will look at these proposals and say, “We can’t afford to make these changes.”

And it’s true. Some of these steps, like eliminating profits from our student loan program, would cause us to have to make some very hard choices; but, for the most part, these ideas are not about spending more federal dollars. They are, instead, about getting a better return on the investments we make with our federal dollars.

Right now, the federal government gives out about $150 billion a year in student aid, and it spends another $30 billion on tax benefits related to higher education. And yet we make almost no effort to leverage that money in keeping costs low for students.

We can’t afford this; and, more importantly, our families can’t afford this. It’s time for the federal government to use its muscle to make sure that Americans have access to colleges they can afford.

So these proposals, they’ll require some big changes. And getting our system right will take sacrifice: sacrifice from Congress, from the states, and from the colleges themselves; but the way we build a future for our children, will be the measure of who we are as a people.

I was the first person in my family to graduate from college. I went to a commuter college that charged $50 a semester, and I got a first-rate education. I was able to do that because I grew up in an America that was investing in its kids. I believe in that America. I believe that’s who we are, and it’s how we build a future – a future for ourselves, a future for our kids, and a future for our grandkids. These are changes we’ve got to make. So thank you. It’s good to be here.

Q&A

Q: I want to ask you about the student-loan interest-rate debate. I know one of the first bills you offered was the bill to let students borrow at the same rate as banks. I’m wondering, how did you become so passionate about interest in student debt, and what influence do you think you have on the debate and its ultimate outcome? Sen. Durbin, and some of your colleagues, said you are ignoring political realities. And I’m wondering if you think that your insistence upon this approach is shaping the outcome in any way?

A: It’s a great question, so let’s start with the question about where does the passion come from. It comes from the intersection of the two things that I care deeply about. As I explained to you, I’m a kid who went to a public commuter college, and I was able to graduate from college. I was then able to go to law school – I went to a public law school – because I grew up in an America that was investing in kids, not making it harder to get an education, making it easier for kids like me to get an education.

My family couldn’t afford to send me to school. I had to depend on the investment of the rest of America. And I believe it pays off. So there’s half the passion.

The other half of the passion comes from this fact that I spent 30 years looking at the economic pressure on families. That’s been in all of my research work. It’s been -- Everything that I’ve written about has always been about that. And the debt loads that people are taking on to finance their lives are crushing us, and student loans are the worst among them.

And they are the worst for two reasons: They’re the worst because they start early, when you’re trying to launch a life, when you’re most vulnerable, when you have the fewest resources.

And the second is, they are the worst because they are inexorable. You can’t get rid of them. You can’t get rid of them in bankruptcy. The federal government has the ability to garnish wages in ways that no other lender can do. They can stay after you forever on these loans.

We talk about the high default rates. We should talk about the other half of that – the high collection rates. Yeah, young people get into trouble with all these debts, and you know what happens? It just means the amount they owe just keeps going up and up and up. It’s crushing these kids, and they can’t get rid of these debts.

When I was still doing my academic work, one of the issues, you know, the issues you just kind of – you start pulling on a thread, and you come across, legal issue – was about the garnishment of people’s social security to pay off their student loans. Think about that – garnishing disability payments in order to pay off student loans – because they have this powerfully protected position.

So, for me, that’s it. Education is the path. It is the opportunity for kids. It is the chance for the boot-strappers to get ahead. It is the chance to build a better future.

The debt will kill us. It really will. It kills hope. It kills opportunity. So that’s why student loan debt is something I feel very, very passionately about. I know, I shouldn’t answer these questions so long, but let me say one thing about the debate.

You asked the question about, they didn’t end up adopting the proposal I put forward, but the debate will never be the same again. We talked about the federal government making a profit off the backs of our students. That is fundamentally wrong, and that was not in any of the discussions before, any of the proposals. And I’m not giving up on this issue. I’m coming back.

Q: Right here in New England, a lot of small, liberal arts colleges are in deep trouble, and they’ve talked about it. They’ve written about it, and yet you say you want them to do everything to lower costs. How are you also going to ensure that these schools survive? And should they?

A: As I said, the key for me starts with the public universities, because I think public universities are where we make the investments. So I think what happens with private universities is, private universities they live in a world that gets shaped very much by what happens with the public universities.

You heard the proposals, where I want to go with the proposals. We lowered the costs, for example, of borrowing, that helps all of the universities out there. But this really is, in part, about refocusing where colleges spend their money. It can’t be the case that the easiest thing for a school to do is just raise the cost of tuition, and it can’t be the case that they say, ‘We’re going to get out there and compete for students, and we’ll pay for the way we compete by offering special scholarships, or by building new climbing walls. We’re going to pay for that by just upping everybody else’s tuition by a few hundred dollars more, and a few hundred dollars more, and a few hundred dollars more.’ It is not sustainable. The model has to shift. And the model is going to shift, I believe, up and down the line for universities.

Q: You mentioned bankruptcy protections?

A: Yeah.

Q: I just want to push you to elaborate a little more about that, because I’m wondering, are you focusing on private loans? Are you focusing on public loans? All of them? Would it be retroactive, or just new loans? And how optimistic are you, that that would actually get through Congress?

A: Just so everybody’s on the same page to start this, I assume you all know, but student loans are non-dischargeable in bankruptcy. So people who develop cancer, and have $100,000 of medical debt, $500,000 of medical debt, can actually go into bankruptcy and deal with it, but they can’t deal with their student loans. If you lose your job, you become disabled, you can go into bankruptcy, and deal with credit-card debt, but you can’t deal with your student loans. They are still there. Home mortgage payments, even. You can go in, and can at least get the house back. Can get out from underneath the debt. Can’t do that with your student loans.

Now it used to be the case you could deal with student loans in bankruptcy. We have built a whole world around this. It worked. Then they started putting restrictions in place. Well, you had to have the loans for so many years. Then it was more and more restrictions on when you’d be able to deal with student loans. And finally it was made the case that federal student loans could not be discharged in bankruptcy except under very narrow exceptions. You know, the law always has something with very narrow exceptions.

In the 2005 amendments to the bankruptcy code, much of this was expanded, so that existing student loans got swept in for non-dischargeability. It kept increasing the non-dischargeability, that is, the number of lenders who got protection. And so what that leaves us with is a reminder. I’ll put it this way We stepped, a piece at a time, into making student loans impossible to deal with when a person gets into financial trouble, or hits a financial crisis. That’s really the point. The person hits a financial crisis.

There are a lot of steps we could take back out of that. I’d like us to go a long way toward letting people deal with student loans the same way they deal with home mortgages and medical debt; but there are a lot of steps in between where one might reach a compromise. I’d just like to see us moving in that direction instead of the direction we have hit. Fair enough?

Q: What do you think about the President’s proposal for a college rating system? And how do you feel about its moving forward, likely without congressional approval?

A: Let me just say about the President’s proposal. I don’t know much about it. I mean I know what I read in the papers. The answer is, I don’t know the details, and it’s like so many things, you want to be able to talk about it at 10,000 feet, but the devil was always in the details about it. It’s a question of what you’re trying to accomplish with the rating system, and what are the things to be rated?

So let me say this differently. If you asked me, ‘do I care a lot about students’ knowing what college really will cost in advance,’ the answer is yes. You can call it a rating system. You can not call that a rating system, but that’s what I really care about. So I can’t do more than that. It depends on what we’re trying to find, and what we’re trying to do with it.

What I tried to focus on here is cost, because I think that’s what we need to do. It’s a lot of fun to have conversations about creative things that ought to be going on, and that’s wonderful. But, frankly, I think that’s what the schools are pretty darn good at. They come up with lots of – We’re here at Northeastern. Northeastern’s education looks different. The way they organize their educational program is different from other places here in Massachusetts, and other places around the country. God bless!

I was just saying, I was at WPI, Worcester [Polytechnic Institute], here in Massachusetts, recently. They have a very different vision of what they’re trying to accomplish, and they do it very differently, and, in my view, [there’s] a lot of evidence they do it very effectively. So the idea of using a rating system to try to encourage variety among the schools, I’m just not there. I think it’s neither the problem nor the right solution.

So, I don’t mean this by we’re trying to criticize the President. That’s not the point. It’s just that I’m not clear what the intent is; and, therefore, it’s hard to measure the proposals.

Q: How do you feel about Congress likely not having any say, and sounds like it’s going to be an administrative proposal?

A: Well, I don’t know. I look at this, as it’s a conversation. No, no, no. No criticism on that. This is how we get it going. And actually I should say this. I applaud the President for standing up and talking about higher education. Could I make that my lead? I think I’d – Is that what it’s called? I buried the lead.

I buried the lead! Damn! [Laughter] Because the real point is, he did stand up and talk about higher education. He made it clear, as President of the United States; he cares about kids having a shot at college. As President of the United States, he’s worried about the huge debt loads that our young people take on to get an education. And I could just stop right there and say, ‘Three cheers!’ So, good.

Q: Senator, you said our colleges are in crisis.

A: Yeah.

Q: And you have just given us what I think are a number of very excellent, practical proposals for how to address these issues.

A: Thank you! Good! This is the first time I’ve done this, by the way, guys, okay? (Laughter)

Q: Your ideas are excellent. My question to you is, now you’ve been in the Senate for about a year. You’ve been in Congress now for about a year. Can you tell us realistically how much chance you think there is of these things passing?

A: I want to tell you a story, all right? And here’s the story I want to tell you. I had an idea. I kept watching what was happening to families who were getting cheated on mortgages and credit cards and all kinds of consumer financial products – payday loans, bank fees. And I came up with an idea for a consumer financial protection group, and I think you know all the reasons about what was wrong with the present regulatory structure, and how we needed to change it.

And I went to Washington with that idea, and people said to me two things. ‘Great idea! You could actually make a real difference with this.’ The second thing they said is, ‘Don’t do it.’

And the reason they said don’t do it is because you cannot possibly get a new agency enacted into law. This is 2007, 2008, 2009, all through the crisis they’re saying, ‘It is not possible. Let me tell you the reasons that it’s not possible.’

Number one, the banks, who spend more on lobbying and political contributions than any other group in America, will make it their number one priority to kill this. And, in fact, that did happen. They did make it their number one priority.

In addition, you have the regulatory agencies, who weren’t about to give up any of their power, which is what this required, by carving this out, and reorganizing differently. Anyway, a pretty long story behind all this. But, as you know, at the end of the day, we got it.

And so my bottom line on this is, you get the things you fight for. You get the things that you make a priority. You get the things that you get enough people out there who see it, who see the problem, and who see a possible solution, and therefore get behind it. So let me just put it this way to you. Why do you think I came here today? It’s beautiful out there. [Laughter] There are a bazillion other places I could have spent the middle of the day Saturday.

I came here because I believe American colleges are in crisis. We are on an unsustainable path. And the consequences of that won’t just be felt by the colleges, if that were the case, I’d feel differently about this. It will be felt by the kids who don’t have chances. It will be felt by an economy that doesn’t have well-educated workers. It will be felt by all of us.

Let me do one other point to this. We are getting old. Not in this room! Not me! [Laughter] But think about it. As a country, if you think about what America is over the next century, you guys have looked at the demographic charts. We’re getting old, right? The only ones who are getting older faster is Europe. We are getting old. How do you sustain an older country? The fastest-growing age groups over the next century will be people over a hundred, right? People in their 90s. People in their 80s.

The fact that we live longer does not mean we can work longer. Some people will be able to, but lots won’t. So how are we going to sustain a large population of seniors? The answer is, we’ve got to treat every child born in this country like a gold nugget, and we’ve got to polish them, and invest in them, and make sure every single one of them hits the maximum potential, so that whole curve of what people do and what they produce just moves toward the stronger, more productive, and it’s our only chance as a country.

So I want to talk to people who write about ed policy, because I want people putting your columns on the front page. I want people talking about this set of issues as a first priority for America. And the only way that happens is it happens if we get out there and fight for it. So that’s what I believe. Yeah, we can do this!

Q: If colleges can’t find a way to re-engineer the cost function, and solve the student loan debt crisis, should higher education move beyond the credit hour to better realign education and workforce development?

A: You know, I know there’s a lively debate going on now about “credit hour,” and my view on this is that’s not the place for the federal government to intervene. I want to see what the colleges do. Let’s watch it. Let’s watch the flowers bloom. Let’s see what works. Let’s find other ways to piece this together. What I’m here to talk about is whatever period you’re spending in education, how do you pay for it? How we pay for it as a country?

Think about this. At the end of the 19th century, moving onto the 20th century, you all know, mass migration from an agrarian country, rural America, into the cities. And one of the profound shifts was that we had people who were better educated.

When people no longer worked where they were out in fields all day, when they worked with the animals all day, they needed to be able, when they moved in, to work in manufacturing, they needed to be able to read warnings better. They needed to be able to read instructions better. They just needed more education, more mathematics, in order to be able to manage more complex urban lives.

So what did we do as a country? We made education through high school mandatory and free. And then we all reaped the benefits from it. We had a country that was better educated because we made that investment. We didn’t tell high schools how they had to do it. Yeah, we had accrediting. I get the all the pieces. But, for me, that’s the real heart of the issue that both prompts the crisis right now, and we’ve got to focus on addressing it.

Credit hours? I’m really interested. I think it’s fun. I think there will be people who have some great ideas around this. But it can’t distract us from the conversation we must have about how are we going to pay to get our kids educated?

Thank you!

Oh, I’d stay forever!