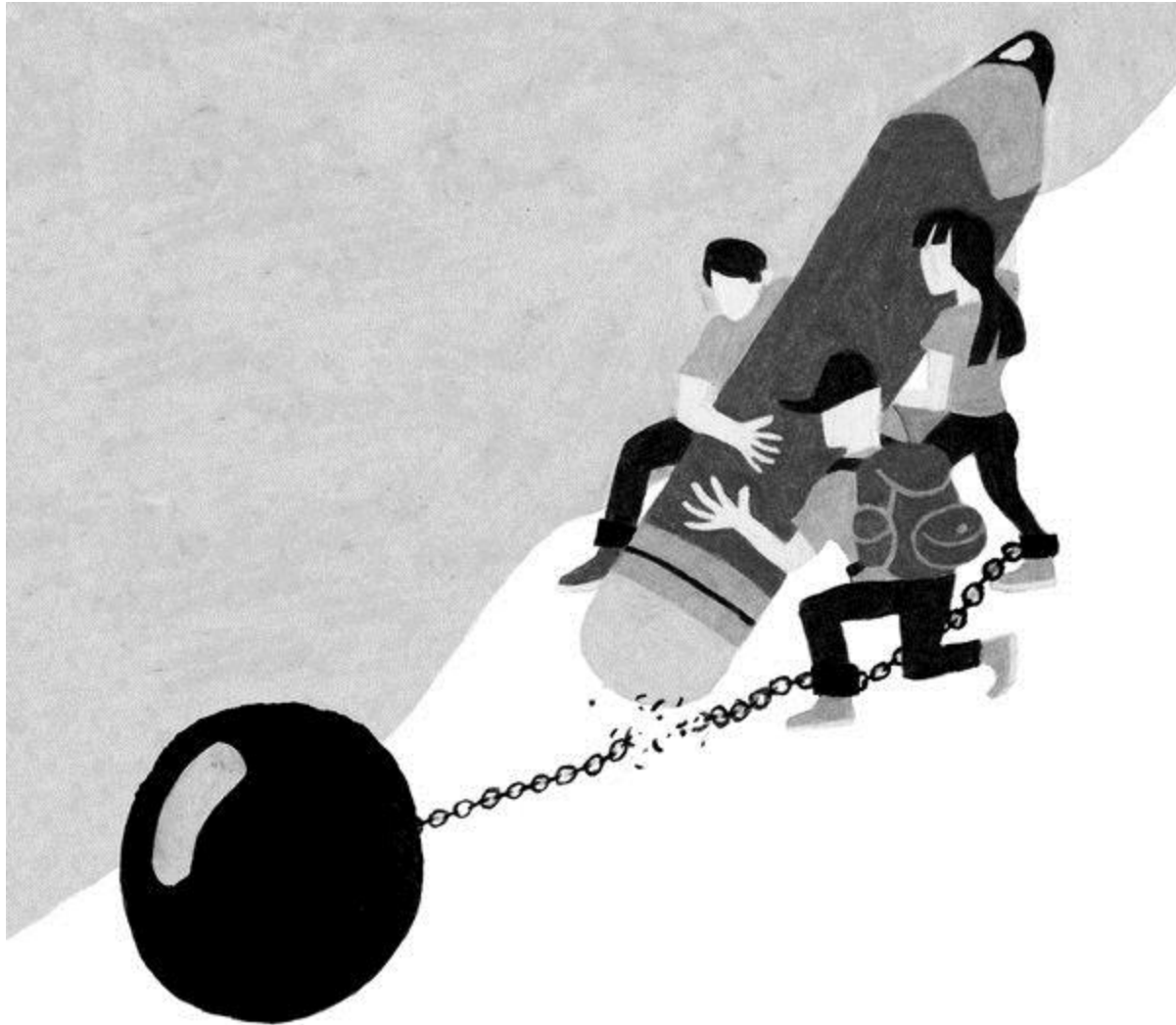


# A Strike Against Student Debt

By ASTRA TAYLOR

NEW YORK TIMES FEB. 27, 2015

Photo



THIS week a group of former students calling themselves the Corinthian 15 announced that they were committing a new kind of civil disobedience: a debt strike. They are refusing to make any more payments on their federal [student loans](#).

Along with many others, they found themselves in significant debt after attending programs at the Corinthian Colleges, a collapsed chain of [for-profit schools](#) that the Consumer Financial Protection Bureau has accused of running a “predatory lending scheme.” While the bureau has announced a plan to reduce some of the students’ private loan debts, the strikers are demanding that the Department of Education use its authority to discharge their federal loans as well.

These 15 students are members of the [Debt Collective](#), an organization that evolved out of a project I helped start in 2012 called the Rolling Jubilee. Until now, we have worked in the secondary debt market, using crowdfunded donations to buy portfolios of medical and educational debts for pennies on the dollar, just as debt collectors do.

Only, instead of collecting on them, we abolish them, operating under the belief that people shouldn't go into debt for getting sick or going to school. This week, we erased \$13 million of "unpaid tuition receivables" belonging to 9,438 people associated with Everest College, a Corinthian subsidiary.

But this approach has its limits. Federal loans, for example, are guaranteed by the government, and debtors can be freed of them — via bankruptcy — only under exceedingly rare circumstances. That means they aren't sold at steep discounts and remain out of our reach. What's more, America's mountain of student debt is too immense for the Jubilee to make a significant dent in it.

Real change will require more organized actions like those taken by the Corinthian 15.

If anyone deserves debt relief — morally and legally — it's these students. For-profit colleges are notorious for targeting low-income minorities, single mothers and veterans with high-pressure, misleading recruitment techniques. The schools slurp up about a quarter of all federal student aid money, more than \$30 billion a year, while their students run up a lifetime of debt for a degree arguably worth no more than a high school diploma.

But for-profit schools aren't the only problem. Degrees earned from traditional colleges can also leave students unfairly burdened.

Today, a majority of outstanding student loans are in deferral, delinquency or default. As state funding for education has plummeted, public colleges have raised tuition. Private university costs are skyrocketing, too, rising roughly 25 percent over the last decade. That's why every class of graduates is more in the red than the last.

Modest fixes are not enough. Consider the interest rate tweaks or income-based repayment plans offered by the Obama administration. They lighten the debt burden on some — but not everyone qualifies. They do nothing to address the \$165 billion private loan market, where interest rates are often the most punishing, or how higher education is financed.

Americans now owe \$1.2 trillion in student debt, a number predicted by the think tank Demos to climb to \$2 trillion by 2025. What if more people from all types of educational institutions and with all kinds of debts followed the example of the Corinthian 15, and strategically refused to pay back their loans? This would transform the debts into leverage to demand better terms, or even a better way of funding higher education altogether.

The quickest fix would be a full-scale student debt cancellation. For students at predatory colleges like Corinthian, this could be done immediately by the Department of

Education. For the broader population of students, it would most likely take an act of Congress.

Student debt cancellation would mean forgone revenue in the near term, but in the long term it could be an economic stimulus worth much more than the immediate cost. Money not spent paying off loans would be spent elsewhere. In that situation, lenders, debt collectors, servicers, guaranty agencies, asset-backed security investors and others who profit from student loans would suffer the most from debt forgiveness.

We also need to bring back the option of a public, tuition-free college education once represented by institutions like the University of California, which charged only token fees. By the [Rolling Jubilee's estimate](#), every public two- and four-year college and university in the United States could be made tuition-free by redirecting all current educational subsidies and tax exemptions straight to them and adding approximately \$15 billion in annual spending.

This might sound like a lot, but it's a small price to pay to restore America's place on the long list of countries that provide tuition-free education.

To get there, more groups like the Corinthian 15 will have to show that they are willing to throw a wrench in the gears of the system by threatening to withhold payment on their debt. Everyone deserves a quality education. We need to come up with a better way to provide it than debt and default.