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Trump's win leaves Obama's higher education reforms in doubt

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Donald Trump's defeat of Hillary Clinton in the election places eight years of higher-education reform under President Obama in doubt, raising questions about the direction of policies governing financial aid and for-profit colleges.

The Obama administration has enacted sweeping changes to the way the federal government provides and collects student loans, kicking banks out of the lending process and expanding a suite of repayment plans tied to income. Those moves rankled Republicans, as did a set of policies pushing tough employment and student-debt-forgiveness rules aimed at for-profit colleges. Now, advocates fear that there is nothing preventing the GOP from overturning those regulations.

Trump's "presidency will open the door for conservatives to weaken, gut or completely dismantle any regulations that have been created in the last eight years," Tariq Habash, a policy associate at the Century Foundation, said. "It's not bright for the future of higher-education policy from a consumer-protection standpoint."

Trump spent much of the election season ignoring higher education, even as Clinton touted her college-affordability plan on the campaign trail. Trump adviser Sam Clovis provided some insights that reinforced long-standing Republican positions on limiting the government's role in higher education. Clovis told Inside Higher Ed, a trade publication, that Trump would get the government out of student lending and hand the market over to banks.

It's unclear whether that would mean a return to the days of the federal government's subsidizing bank loans to students or whether the government would simply cede more of the market to private lenders. Neal McCluskey, director of the right-leaning Center for Educational Freedom at the Cato Institute, said as much as Republicans talk about the old bank-based model, few would want to return to paying private lenders to make loans. If anything, he suspects the Trump administration could eliminate federal loans for parents and graduate students, while raising loan limits for undergraduates.

"There may be a reduction to one program, and that program would be better focused on lower-income students," he said. "There is a fair amount of agreement that Parent Plus and Grad Plus are skewed toward upper income people ... getting rid of those programs would be consistent

with what Republicans say they want to do, which is reduce the size, scope and expense of government.”

While Parent Plus loans are widely considered onerous because of the high interest and origination fees, a 2011 attempt by the government to tighten lending standards hurt enrollment at historically black colleges and universities as families struggled to get loans. Eliminating the program entirely could create further havoc for minority-serving institutions.

Sara Goldrick-Rab, a higher education and sociology professor at Temple University, worries that Trump will completely hand over education loans to private banks, whose lending criteria will shut out lower-income and minority students.

“His approach to higher-education financing will follow privatization lines, and that will be really bad for those students,” said Goldrick-Rab, author of “Paying the Price: College Costs, Financial Aid and the Betrayal of the American Dream.” “I expect enrollment to drop. It won’t happen really quickly, but it will happen as college pricing continues to rise.”

A Center for American Progress study concluded that if private lenders took over the loan market, monthly payments for borrowers would rise by between 23 percent and 78 percent, costing borrowers between \$7,342 and \$24,469 more over the life of their loans because of higher interest rates and the dearth of flexible repayment plans.

“Privatizing student loans would be disastrous,” said Maggie Thompson, executive director of Generation Progress at the Center for American Progress. “It would roll back consumer protections and increases the cost of borrowing.”

There are conflicting messages coming out of the Trump camp. Although his advisers have said he will dial back federal lending, Trump himself has called for the government to pour more money in the federal-loan program on the back end. A month out from the election, Trump proposed enrolling all borrowers in a plan that would cap their monthly student-loan payments to 12.5 percent of their income and forgive all remaining debt after 15 years.

Republicans have pilloried Obama’s expansion of income-driven repayment programs as fiscally irresponsible, yet the party’s leader promised to lower the repayment period, which would probably cost hundreds of billions of dollars. Even the latest income-driven plan, known as Revised Pay as You Earn (REPAYE), only forgives debt after 20 years of payment, though it caps borrowers’ monthly bills to 10 percent of their income.

“Republicans have said in many budget resolutions that Obama’s changes to income-based repayment should be rolled back, but Trump’s changes seem to roll them forward,” said Jason Delisle, a resident fellow at the American Enterprise Institute, a conservative think tank. “I don’t know if he didn’t run the numbers, but it is a bad direction to go in.”

Alexander Holt, an education-policy analyst at the New America Foundation, said Trump will probably change the terms of his repayment plan and could institute automatic payroll deduction to streamline the process. He suspects that the president-elect may adopt some elements of former Florida governor and onetime GOP presidential candidate Jeb Bush’s higher education platform, such as providing high school graduates access to a \$50,000 line of credit to pay for

college and holding colleges accountable by forcing them to pay up when their students default on loans.

Holt and other higher-education experts agree that some of the most significant policy changes in a Trump administration would be the repeal of regulations targeting for-profit colleges. The president-elect is embroiled in lawsuits and fraud claims tied to his defunct Trump University, a for-profit venture that offered business seminars. What's more, Trump has railed against government regulation squeezing business interests, aligning with popular rhetoric espoused by the for-profit-college industry.

"Trump hasn't addressed the misrepresentations, the outright fraud and abuse that has existed in a specific subset of higher education," said Habash of the Century Foundation. "Given that and his role in creating Trump University, I can't imagine this coming administration is going to yield anything good to students, consumers and families across the board."

Congressional Republicans and the for-profit lobby have fought unsuccessfully to prevent the Obama administration from moving forward with rules limiting the amount of debt students can carry in career-training programs, known as gainful employment.

Trump's administration could kill the law and halt the overhaul of a student-debt-forgiveness program that would have an outsized impact on the for-profit industry. Thousands of former students of Corinthian Colleges and ITT Technical Institute are waiting to receive debt relief through the so-called borrower defense to repayment process, but advocates say their chances are now in jeopardy.

"We have a huge fight on our hands to protect the gains for students," said Thompson of the Center for American Progress. "There is a path to protect these regulations, but we're going to have a fight with this administration."