June 25, 2019

Chairman Chuck Grassley
Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Senator Ron Wyden
Ranking Member, Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Chairwoman Maxine Waters
House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Representative Patrick McHenry
Ranking Member, House Committee on Financial Services
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Grassley & Ranking Member Wyden and Chairwoman Waters & Ranking Member McHenry:

Decades of stifling student loan debt have made the pursuit of postsecondary education either untenable or unaffordable for millions of learners across America. What's worse, research suggests that loan aversion is actually suppressing college-going aspirations. These concerns are especially acute in an era where higher education is our nation's most powerful lever for economic mobility, and the imperative for lifelong learning is growing.

In response, a growing number of colleges and universities, workforce development agencies, and training providers are working to shift the economic risk of higher education away from students through the use of Income Share Agreements (ISAs). ISAs tie the amount that a student pays to the amount they earn after graduation. Students who fail to meet minimum income thresholds pay nothing when earning below

the threshold. We believe that the model holds profound opportunity to make good on the promise, and potential, of higher education.

Students who have chosen an ISA to finance their education include working adults pursuing higher education with renewed intentionality and direction; career changers that need to up- and re-skill as technology transforms their jobs; traditional college students opting out of costly, private loans on the path to college completion; and students without access to federal aid or state-based aid programs, such as Dreamers, formerly incarcerated students or students with aversion to accessing loans who want a fair shot at college.

Much like the students who have chosen an ISA, the ecosystem of education providers who have voluntarily embraced this new financing mechanism is equally diverse. From state flagship, four-year residential, research institutions to last-mile training providers that are preparing workers for the most in-demand jobs in a rapidly changing labor market -- education providers are, in many cases, using their own resources to fund ISA programs.

The commitment of these organizations signals a belief in not just the quality of the programs that they are offering, but the capacity and ability of their graduates to contribute to their industry, community and our citizenry. This kind of commitment - and investment - by our nation's training providers and institutions of higher education is unprecedented, and reflects an overdue shift of risk in favor of postsecondary students.

Of course, such an appealing model is not without risk of abuse by bad actors. And the significant appeal of ISAs as a tool to finance higher education means that strong, transparent consumer protections should be of paramount concern for policymakers.

Accordingly, we would urge Congress to pass sensible legislation that provides protections for student consumers and a legal framework to guide the work of institutions and providers. Such legislation would - among other key provisions - establish a definition of an ISA; provide a proper disclosure framework for student consumers; set a national minimum income threshold; create adequate protections around stackability; provide clarity on tax treatment for both students and institutions funding ISAs; and identify a federal regulator.

It is worth noting that the undersigned individuals and organizations are unified in our belief that private ISAs should not be considered by policymakers to be a replacement for federal loan and grant programs. We also believe that the implementation of ISAs

must be considered in the context of existing income-based repayment options. We support the passage of federal legislation that provides further clarity to the market, and ensures strong consumer protections.

We look forward to the opportunity to work with policymakers to ensure that this alternative financing tool is created, scaled, and regulated in a way that allows students to successfully pursue postsecondary education opportunities.

Sincerely,

The Honorable Jack Markell
Former Governor, Delaware
Board Member, Vemo Education

John Bailey
Former White House Domestic Policy Advisor (07-09)

Purdue University

University of Utah

Colorado Mountain College

U.S. Chamber of Commerce

Bipartisan Policy Center Action

San Diego Workforce Partnership

Jobs for the Future (JFF)

Schmidt Futures

Social Finance

The Michelson 20MM Foundation

Better Future Forward

Clayton Christensen Institute

General Assembly

Holberton School

Lambda School

Kenzie Academy

BrightHive

Vemo Education