A contentious lot. They express an astonishing variety of opinions about politics and religion, sports teams and movies, vitamin supplements and workplace dress codes. Differences on questions of social class, the acceptable level of economic inequality, and the importance of economic mobility are particularly sharp. But on one idea we are united: 97 percent of Americans agree that a college degree is “absolutely necessary” or “helpful” to secure a place in the middle class.¹ In fact, Americans see a college degree as the single most important determinant of a young person’s chances of success, the ticket for admission to the middle class.
Making College Affordable for All

College students can shoulder educational costs if they are assured of opportunities to repay loans. A program that features four years of loans, followed by four years of public service to forgive those loans, would be such an opportunity. It would significantly diminish the burden of education debt and keep open the option of public service and other lower-paying but interesting jobs for grads.

- The federal government would increase the amount students can borrow in the unsubsidized Stafford loan program, offering money for four years of college tuition, fees, and room and board to any student who wants it, on the same terms as current student loans. Under Service Pays, students who work in community service after college would be forgiven one year of college expenses for each year of public service work.
- College loan forgiveness would be available to anyone graduating from any two-year or four-year accredited school, public or private.
- The dollar amounts of the available loans would be pegged to average prices at public four-year colleges and universities. Students would have four years to work off those loans.
- Any student, regardless of family income, could borrow the money, but the debts would have to be repaid by ordinary loan repayment or through community service.

With Service Pays, typical students would begin adult life debt-free at 26 with a college diploma and four years of work experience. Students could buy their own tickets to the middle class.

Serving the Country

The community service aspect of Service Pays is as important as access to a diploma. America has critical needs in national preparedness, community infrastructure, and education. Many
young people would like to do public service, but the low pay combined with college debts often makes it impossible. Service Pays would open new avenues.

Service at Home. Community service workers could be assigned to the states to work in public schools, run after-school tutoring programs, clean up public buildings and parks, rebuild roads and bridges, improve the environment, computerize state administrative systems, assist municipal police and firefighters in administrative functions, and organize communities to reduce crime and develop the local economy. Students who work for nonprofits such as Habitat for Humanity or Teach for America would also be eligible. For each year of community service after college, one year of loans would be forgiven.

Military Service. Active-duty service would qualify for loan forgiveness. Each year of active-duty service would offset one year of loans. Eight years of reserve service plus six months of active service would translate to four years of loan forgiveness.

International Service. The U.S. Foreign Service, an expanded Peace Corps, and an international aid corps (to address emergencies such as tsunamis) would also qualify for loan forgiveness. Each year of service would result in one year of loan forgiveness. Service Pays would reduce the impact of Baby Boomer retirements from government and could help strengthen community spirit, promote patriotism and service, and improve perceptions of America abroad.

Service-based debt-forgiveness programs that already exist are limited. At AmeriCorps, for example, loans may be forgiven only up to $4,720 per year. Service Pays can build on past successes by expanding educational benefits and directing more energy toward national challenges.

Costs

What are the costs? We begin with one central idea: educating our young people will pay off. The GI Bill helped 2.2 million returning World War II soldiers become engineers, scientists, entrepreneurs, and business leaders, fueling the economy and raising the standard of living. It cost $7 billion (about $240 billion in today’s dollars). For every dollar invested, however, about $5 were returned over 35 years in higher productivity and tax revenues.

The country would derive similar returns from Service Pays—the services themselves plus increased tax revenue. The average college graduate pays over $5,000 more each year in total taxes than a high school graduate. It is short-sighted to lose long-term benefits by failing to make higher education financially accessible.

In the current school year, students will receive 1.5 million bachelor’s degrees and 680,000 associate degrees. Roughly two-thirds of the bachelor’s students and half of the
A well-educated workforce is our best hope to grow the economy.