

Ben Corpus, Higher Education Executive and Consultant, Believes Change is Here: The Need for Income Sharing Agreements

Ben Corpus, Vice Provost for Enrollment Management, shares insight into alternatives to student loans for higher education funding.

LAKELAND, FL, UNITED STATES, January 15, 2021 /EINPresswire.com/ -- With \$1.6 trillion in student debt, rising college costs, and the demand for an increasingly tech-savvy workforce, we must change how we support student access through affordable options to four-year colleges.

[Dr. Ben Corpus](#), a higher education executive with more than 24 years of proven experience in several unique colleges and universities, believes an idea hatched by Nobel-Prize winning economist Milton Friedman over 50 years ago could be the answer. When Friedman initially proposed income-sharing agreements or ISAs, the average tuition at a public college was \$1,850 for the year. Only half of the high school graduates went on to college, and graduates fed an economy far less dependent on bachelor's and master's degrees.

What is an Income-sharing Agreement?

Instead of taking on a traditional loan to pay for a college education, students pledge to give a portion of their income after they graduate to a funder to cover the cost. Today about 40 schools offer ISAs, with estimates they will increase to about 100 in the coming year.

A standard example of an ISA can be found at the University of Utah. Students borrow up to \$10,000, and the amount they must pay back is topped at twice the amount the student was provided to pay for college. Once the student graduates, if they have a job with an income of \$20,000 a year or more, they pay 2.85% of their income for up to about 11 years - depending on their major and how much is used from an ISA. It is required that students meet with financial aid staff with experience and expertise within the ISA program, which assures students understand the terms of the ISA, and that the student has taken advantage of existing aid they may already be eligible for. The University of Utah ISA program is supported with a combination of philanthropy and investments from family foundations.

Some characterize ISAs as an alternative to a student loan; however, that is the wrong analogy for many reasons. These new financial aid structures should be viewed as leverage from their future earnings potential, given the talent they showed to gain admission and progress through

a college curriculum. ISAs are more like a tax bestowed only once they earned the benefit of employment.

Critiques Must Improve, Not Stop Alternatives to Affordability

Critics of ISAs are concerned that they will focus more on creating an attractive product for investors instead of focusing on helping students afford college. While this may be a real concern, where was this argument on the run-a-way Student Loan train? We must realize that public-private partnerships have advanced higher education more in the past 30 years than our reliance on state or federal support over the same period. For example, Pell grants no longer have the spending power they once did. In the 1980s, a Pell Grant covered more than 50% of attending a public bachelor's degree college; as of 2019-20, a Pell Grant covers only 28% of the cost to enroll. State funding has tanked as well. In 1990, state per student funding was almost 140% more than that of the federal government. As of 2015, it was only 12% above the federal level. ISAs, therefore, should continue to proliferate, although we must be thoughtful of the concerns of critics.

However, if there is one thing we know about non-profit higher ed, is that it is highly regulated. It is well-armed with policies and guardrails that protect students. College staff and administrations are well trained to support the voluminous regulations and laws that prevent colleges from harming students and can do the same in the roll-out of ISAs. We must be deliberate in our design to ensure mandatory and transparent consumer information that outlines every component of the program before students and families are allowed to sign-up.

ISAs Increase Accessibility and Affordability

College, state, and federal regulations are beginning to respond to concerns so that ISAs can move forward. For example, bipartisan policymakers submitted a bill to regulate ISAs in 2019. The language caps the legal percentage of income a funder can collect at 20% and the maximum repayment period at 30 years. Furthermore, it would assure that ISAs are dischargeable in bankruptcy, which is not the same for student loans.

Employers are desperate for tech workers here in Florida, for example, as the population is growing faster than most states. There is a shortage of 55,000 unfilled STEM jobs, according to the Florida Chamber of Commerce. Suppose we can reduce financial anxiety for students through ISAs, while also potentially giving them more time to study than working multiple jobs to pay for college costs. In that case, we will improve their chances of graduating on time, in less debt, and gaining high-wage, high demand jobs in Florida.

While we must shake the comfort of today's structures to change the outcomes that lead to educational disparities or unfilled jobs, we have to have the courage to scale unique approaches, assess results, and adapt: collaboratively and continuously. The status quo cannot limit economic innovations that can significantly improve access and affordability to higher education.

We're limited not by what can be done but only by what we are willing to do. Now is the time to carefully scale income sharing agreements for high-demand majors in both public and private institutions.

About [Ben Corpus](#)

[Ben Corpus is a higher education executive and consultant](#) with more than 20 years of proven admissions, financial aid, strategic planning, diversity, and student affairs experience. Currently, Dr. Corpus is the Vice Provost for Enrollment at Florida Polytechnic University, Florida's most selective public STEM university. He was also Vice Provost for Enrollment Management at the University of Texas at Austin, Vice President for Enrollment Management & Student Affairs at Baruch College, Vice President for Enrollment and Student Affairs at Hostos Community College, and Chief of Staff to the President at Plattsburgh State University.

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