



MILKEN
INSTITUTE



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Milken Institute Releases Report Analyzing Costs of Higher Education

Report Recommends New Financing Options to Make College More Accessible

Los Angeles – September 3, 2020 – The Milken Institute today released a new [report](#) finding that a significant number of student loan borrowers have been left in worse financial condition than before they enrolled. Published in collaboration with the Illinois State Treasurer’s Office, the report uses Illinois as a case study to examine the state of higher education across the country and offers a series of financing options to address this trend.

“Nearly 45 million student loan borrowers owe on average \$32,721, for a total of \$1.56 trillion,” explained **Maressa Brennan**, report author and associate director of innovative finance at the Milken Institute. “With costs and debt loads continuing to rise, this report can act as a model to create better and more equitable financing options for higher education nationwide.”

[New Models for Funding Post-Secondary Education in Illinois](#) comes on the heels of two Financial Innovations Labs® the Milken Institute organized in June to discuss new ways for students to fund their post-secondary education. The Labs brought together educators, government leaders, investors, loan servicers, and others to develop recommendations to expand the range and availability of traditional loan products, refinancing options, and alternative financing options. Two ideas explored include creating a statewide education impact fund and loan navigator platform.

“We know that scholarships, grants, and federal loans often do not cover the full cost of attending college and leaves too many students and their families with deep financial repercussions negatively impacting their lives for many years, Illinois State Treasurer **Michael Frerichs** said. “We need to change this trajectory and make college more accessible by lowering the cost to borrow to fill these gaps and to refinance loans once students have completed college.”

The report also analyzes the Student Investment Account Act, which was spearheaded by Frerichs and passed by the Illinois General Assembly to supplement current state and federal student loan and grant programs in Illinois.

The Act authorized the Student Investment Account with the intent of targeting three areas: \$200 million toward new loans and loan products; \$550 million for refinancing products; and \$50 million for innovative finance products, such as income share agreements. As a model, the investment account aims to reach the segment of the student market left behind by traditional products.

The report also details other innovative solutions that assist currently underserved student markets, especially low- and middle-income families, and undocumented students.

To download a full copy of the report, please visit <https://milkeninstitute.org/reports/new-models-funding-post-secondary-education-illinois>.

About the Milken Institute

The Milken Institute is a nonprofit, nonpartisan think tank that helps people build meaningful lives in which they can experience health and well-being, pursue effective education and gainful employment, and access the resources required to create ever-expanding opportunities for themselves and their broader communities. For more information, visit <https://milkeninstitute.org/>

About Financial Innovations Lab®

Financial Innovations Labs® bring together researchers, policymakers, and business, financial, and professional practitioners to create market-based solutions to business and public policy challenges. Using real and simulated case studies, participants consider and design alternative capital structures and then apply appropriate financial technologies to them.

About the Illinois Treasurer

As Illinois State Treasurer, Frerichs is the state's Chief Investment and Banking Officer and actively manages approximately \$35 billion. The portfolio includes \$16 billion in state funds, \$13 billion in retirement and college savings plans and \$6 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$42 to the state for every \$1 spent in operations. Frerichs' office protects consumers by safeguarding more than \$3 billion in unclaimed property, encouraging savings plans for college or trade school, increasing financial education among all ages, assisting people with disabilities save without losing government benefits, and removing barriers to a secure retirement. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.