

Announcing a design and analytics partnership for a higher education fund at HBCUs

The Jain Family Institute (JFI) is partnering with the Student Freedom Initiative (SFI) to design analytics for SFI's nonprofit fund

Press Release

New York, NY, June 23 2020 — The Jain Family Institute announced today a design and analytics partnership with the Student Freedom Initiative (SFI). SFI, led by Robert Smith and Executive Director Keith Shoates in collaboration with Fund II Foundation, UNCF, Skadden Arps, the Education Finance Institute, and JFI, is a new, multi-billion dollar nonprofit fund to finance the educations of students at historically Black colleges and universities (HBCUs). JFI's role in the initiative covers program design, analytics, and research.

Joining Robert Smith on the board of SFI are Professor Henry Louis Gates Jr. of Harvard, [Bob Jain](#) of [Millennium Management](#) and the Jain Family Institute, Michael Lomax of the United Negro College Fund, James Runcie of the Education Finance Institute, and Linda Wilson of the Fund II Foundation. Skadden Arps represents SFI and Fred T. Goldberg Jr. of Skadden advises the board.

In 2019, Robert Smith made a contribution to Morehouse College that was used to pay off all of the college loans for its graduating seniors. SFI addresses an expanded set of HBCU students, through income-contingent funding, in a nonprofit structure that directs proceeds back to the education of future students.

JFI and SFI share the goal of increasing justice and equity in higher education, and a thesis for how alternative financing can change the higher education landscape. In the view of JFI's [higher education initiative](#), colleges and universities play a crucial role in social mobility, but a crisis of access, quality, and, particularly, affordability, has compelled students to shoulder inordinate risk. JFI has developed research, analytics, and program design expertise in income-contingent finance because it shifts that risk away from students. Income-contingent repayment structures, such as government income-driven repayment programs (IDR), income share agreements (ISAs), and the new option

that will be available through SFI, equip students with greater choice and downside protection.

JFI has provided program and analytics expertise on the nation's largest ISA funds, and incubated the equity-and-access-focused nonprofit ISA provider [Better Future Forward](#). JFI's work with the San Diego Workforce Partnership builds out the use of income-contingent financing for workforce development programs. In its work in higher education, JFI's aim has been to provide alternatives to Parent PLUS and private loans, which students and families reach for when they have taken out all their federal loans, and which have the most detrimental impact. For SFI, in collaboration with Fred T. Goldberg, Jr., JFI created a new design framework, and will continue to monitor the program through research and analytics after its launch.

SFI, which initially centers on HBCU students, stands to change the circumstances of many of those most affected by the harms of the current higher education finance system. Student debt is a nationwide crisis, and its impact has been particularly negative on Black students. JFI Senior Fellow Marshall Steinbaum [estimates](#) that 70% of Black wealth is consumed by student loan debt — a profound inequity [traceable](#) to decades of labor force discrimination, racially-motivated budget cuts, and de facto segregation. Other research finds that Black borrowers have [higher default rates than other demographics](#), even as they are more likely to enroll in income-driven repayment for their federal loans. Black families [depend on](#) Parent PLUS loans that [harm them more](#) than they do white borrowers. HBCU students are [more likely](#) than non-HBCU students to combine federal, state, and private loans. And the gulf between debt loads of Black and white Americans [rises dramatically](#) after graduation.

Aiming to address this nexus of interrelated issues, SFI offers the potential for systemic change. SFI's program, designed in collaboration with HBCUs and their broader community, prioritizes opportunity and equity for Black students.

Bob Jain, Founder and Chairman of JFI, and board member of SFI, said:

“We at the JFI are inspired by the leadership of Robert Smith and are thrilled to work with him, SFI and its partners, and the HBCUs to help transform education finance in this country into a more aligned and equitable system. Personally as a Board Member, and as a design partner through the JFI, I believe the Student

Freedom Initiative will change the way we think about education, but more importantly, will provide a base for a generation of actual students to grow and thrive.”

Michael Stynes, Executive Director of JFI, said:

“We are at a moment of social change that has revealed, once again, deep structural inequality in our country. Our work with SFI will, we hope, contribute to the larger movement for education access and justice. We are honored to be a part of the team.”

About the Jain Family Institute (JFI):

The Jain Family Institute (JFI), founded in 2014, is a nonprofit applied research organization based in New York City. With a mission to address pressing social problems by identifying and implementing high-impact interventions that will translate to real world progress, one of JFI’s initiatives centers on higher education finance. JFI is contributing program design and analytics to SFI.

For more on JFI’s higher education research, see our recent [analysis](#) and [map](#) of higher education access throughout the US; our [econometric analysis](#) of loans, ISAs, and returns to college; and more on our Higher Education Finance [web page](#).

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