

Flynn campaign: Releases proposal to fix student loan crisis

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(Green Bay) - Wisconsin gubernatorial candidate Matt Flynn today unveiled his proposal to fix the student loan crisis at an event at the University of Wisconsin-Green Bay.

Flynn said, "Banks, abetted by their Republican cohorts in the Legislature, are profiting at the expense of our students."

"When student loan programs began, the federal government loaned money directly to students, or bank loans were part of a federally-regulated and subsidized system," Flynn continued. "The program was designed to allow students to focus on their education and to graduate with a degree in a timely manner. They were not meant to enrich banks. As the program became more privatized, this changed."

"Today, most student loans have interest rates well above the current cost of money. Refinancing is limited; usually only once, and only within a certain interest rate range based on the rate at the time of first loan origination. Large monthly payments force many to forego buying homes, purchasing new automobiles, or starting a family. Student loan debt in Wisconsin is estimated to be \$24 billion. The state ranks 10th in the nation for the number of college students with debt (800,000)."

Flynn's Solutions to the Student Debt Crisis:

Pass legislation that allows borrowers to refinance their student loan debt when rates drop.

Establish the Wisconsin Student Loan Authority.

“I propose the formation of a Wisconsin Student Loan Authority to regulate and guarantee student loans at Wisconsin colleges and universities and to promote the re-financing of student loan debt when interest rates go down,” said Flynn. “It will include loan repayment options that are a percentage of a student’s post-education income instead of a fixed amount that exhausts take home pay at entry-level jobs. This authority will be based on the best practices of existing student loan authorities around the country.”

“Student loans don’t need to be as complicated as they are now, and banks don’t need to be in control of the lending process. We need to return to what worked best for students, not for the banks. Loans should be extended by banks but guaranteed and regulated by the government. We will expect banks to charge an interest rate that reflects the safety of a loan that is guaranteed by the government.”

Student loans should help students graduate faster and start earning earlier. Currently, students are discouraged from this course by the unnecessarily high cost of borrowing. Flynn’s proposal enables the former and fixes the latter.