One Wisconsin Now: Double dose of disappointment for student loan borrowers from Joint Committee on Finance

Posted on Thursday, May 16, 2019

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Republicans Missed Opportunity to Help Current Borrowers and Take on Root Causes on $1.5 Trillion Crisis

MADISON, Wis. — The People's Budget introduced by Gov. Tony Evers included measures to help Wisconsinites caught in the $1.5 trillion student loan debt crisis. Unfortunately for the one million-plus student loan borrowers in Wisconsin and tens of thousands of college students the Republican majority on the Joint Committee on Finance refused the opportunity to provide help today. The committee failed to approve proposals to start the process of helping state borrowers to refinance their loans, just like you can with a mortgage, and increasing funding for financial aid for eligible students.

"We know that student loan debt is a crisis and that it is hurting huge numbers of Wisconsinites," said One Wisconsin Now Executive Director Analiese Eicher. "We also know that helping borrowers refinance their loans, just like you can a mortgage, and increasing funding for financial aid so all eligible students get the awards they're eligible for are policies that can help."

Nationally, student loan debt is the second largest form of consumer debt. The total amount owed by over 44 million borrowers exceeds $1.5 trillion. Numerous studies, including the original research by One Wisconsin Institute dating to 2012, show that student debt depresses economic activity including new car purchases and rates of home ownership. Research also finds the crisis is multi-generational and negatively impacts the ability of borrowers to save for their retirement or a child's education.

The causes of the crisis include excessive profiteering with high interest rates on loans, skyrocketing tuition and underfunding financial aid for eligible students.

All of these conditions have existed in Wisconsin, which under the previous Republican administration became a top ten state in the nation for percentage of college graduates with student loan debt. Tuition was increased by double digits, efforts to help borrowers refinance their loans have been consistently opposed and financial aid was so grievously underfunded that the nonpartisan Legislative Fiscal Bureau reports over 29,000 University of Wisconsin and technical college system students who were eligible for financial aid received none. Nearly 7,000 eligible students at private colleges were also denied the help for which they were eligible.

To help, Gov. Evers' People's Budget included provisions calling for creating a state-based plan to help borrowers refinance student loans, just like you can with a mortgage, and for increasing the amount of funding for financial aid by 5 percent in each year of the two year budget to help address the backlog of students eligible for financial aid receiving no help.

Public opinion research has found that in Wisconsin an overwhelming 79 percent of those surveyed supported "a plan to allow student loan borrowers to refinance their loans, just like you can with a mortgage." A mere 9 percent were opposed. Support was strong across partisan lines with 85 percent of those identifying as Democrats, 70 percent of Republicans and 82 percent of independents favoring the proposal. In addition, 79 percent of both men and women supported student loan refinancing along with 74 percent of voters age 18-29, 71 percent of voters age 30-45, 87 percent of voters age 45-65 and 77 percent of voters age 65 plus.

Eicher concluded, "The Joint Committee on Finance had the opportunity to help today, the Republicans who refused to work with Democrats on solutions owe their constituents and the people of Wisconsin an explanation for why they chose to do nothing."