

One Wisconsin Now: U.S. Rep. Mark Pocan re-introduces plan to allow federal student loan debt refinancing

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Leads the Way Again on Common Sense Plan to Help Borrowers Refinance Student Loans, Just Like You Can With a Mortgage

MADISON, Wis. — Common sense legislation being re-introduced by U.S. Representative Mark Pocan (WI-2) today would allow millions of student loan borrowers to refinance their federal education debt, just like you can with a mortgage. Under Pocan's proposal, borrowers who are currently repaying federal student loans would be able to refinance their loans with the federal government to take advantage of lower interest rates.

"Student loan borrowers worked hard to get their education and took on the personal responsibility to pay for it. They should be reaping the benefits of their education, but instead millions of Americans are trapped in the \$1.5 trillion student loan debt crisis," commented One Wisconsin Now Executive Director Analiese Eicher. "The good news is that there are people like Rep. Pocan who get it, and who are doing something about it."

As an example of the significant benefits of refinancing for borrowers Eicher cited information provided by Rep. Pocan showing borrowers with undergraduate direct loans disbursed between July 2006 and June 2008 at interest rates of 6.8% would be able to cut their rate by 1.75%.

Student loan debt now tops \$1.5 trillion and is the second largest consumer debt in the United States, exceeded only by mortgage debt. Nationally, roughly two-thirds of students who get a Bachelor's degree have taken out loans to help finance their education and the vast majority of the loans are originated by the federal government, and could be refinanced to take advantage of lower interest rates under Pocan's proposal.

The impact of education debt on the finances of borrowers and the economy is dramatic. According to original research first conducted by One Wisconsin Institute, state borrowers are significantly more likely to rent instead of own their home and drive a used versus new vehicle.

The student loan debt crisis is not just confined to recent college graduates. According to a study from the Consumer Financial Protection Bureau (CFPB) finds that borrowers over age 60 is the age demographic in which debt is growing the fastest. In Wisconsin, the number of borrowers over age 60 rose by an astounding 48 percent and their debt increased by 45 percent between 2012 and 2017.

Rep. Pocan first introduced his refinancing proposal in 2013, however the Republicans who held the majority in the U.S. House of Representatives until November 2018 had blocked consideration of the measure.

Eicher concluded, "Student loan debt has been at crisis levels for too long and it is far past time to for common sense reform, like allowing borrowers to refinance their loans just like you can with a mortgage as Rep. Pocan is proposing."