



# Wisconsin legislators look to solve growing problem of student loan debt

Sponsors call aid bill a 'win-win-win' that would boost economy

by Wisconsin Rep. Cory Mason ([Rep.Mason@legis.wi.gov](mailto:Rep.Mason@legis.wi.gov))

**S**aul is an Army veteran who enlisted after his sophomore year in college because he and his family simply could not afford the two years worth of student loans he took out to pay for college.

While he was defending our country on patrol in the Kandahar province of Afghanistan, he was still required to pay off his student loans at high interest rates, unable to refinance them at lower rates the way one can with home or car loans.

Cynthia is a married elementary-school teacher with three children. She's almost 60 years old and still owes more than \$100,000 in student loans that she's accrued between her own education and helping pay for her children's higher education. She worries that she'll be 84 before this debt is paid off.

Jennifer is a family practice doctor. In the course of obtaining her advanced education, she accrued more than \$300,000 in student loan debt. Last year, she and her husband (who is in law enforcement) spent half of their monthly pay on student loan repayment. They paid more than \$20,000 in interest alone last year.

Anne just graduated from the University of Wisconsin-Madison. She has more than \$33,000 in student debt. She is terrified about how she will pay it off, feeling unable to start a family or even consider graduate school without some relief on this debt.

## Debt woes increasingly common

These are just a few of the hundreds of Wisconsin residents who shared their student loan debt stories after my colleague, Sen. Dave Hansen, and I introduced the "Higher Ed, Lower Debt" bill (Assembly Bill 498).

These residents are among the nearly 40 million Americans now saddled with over \$1.2 trillion in student loan debt. It is estimated that in Wisconsin alone, more than 753,000 residents have federal student-loan debts; even more have private loans.

These Wisconsin residents have obtained their educations but are still facing years, even decades, of loan payments.

This has dramatic implications for their own family finances, as well as for Wisconsin's economy: These families

are renting instead of owning their homes, driving used instead of new cars, not saving as much as they'd like for their retirement or their children's education, and spending less in their local economy on consumer goods.

Student loan borrowers in Wisconsin and nationwide are facing a perfect storm of increasing tuition, restrictive federal law that does not allow loan refinancing, and declining federal and state support for higher education. I authored the Higher Ed, Lower Debt bill to provide an

## Student loan debt of 4-year college graduates in Midwestern states, class of 2012\*

State	Average debt	U.S. rank**	% of students with debt	U.S. rank
Illinois	\$28,028	15	64%	13
Indiana	\$27,886	16	64%	13
Iowa	\$29,456	6	71%	3
Kansas	\$23,677	33	59%	26
Michigan	\$28,840	10	62%	19
Minnesota	\$31,497	4	70%	4
Nebraska	\$26,473	23	63%	16
North Dakota	N/A**	N/A	N/A	N/A
Ohio	\$29,037	9	69%	6
South Dakota	\$25,121	28	78%	1
Wisconsin	\$28,102	14	68%	8

\* Figures are for graduates of public 4-year institutions and private, nonprofit 4-year institutions.

\*\* Rankings of 1 (highest) to 49 (lowest) include District of Columbia; totals for Hawaii and North Dakota were not calculated due to potential data discrepancies.

Source: Project on Student Debt initiative, Institute for College Access and Success

innovative, state-level solution to this growing problem.

Since I was elected to the state Legislature in 2006, I have worked to make college more affordable by urging and supporting efforts for more funding of financial aid for higher education.

Wisconsin's primary source of state-funded financial aid is known as the Wisconsin Higher Education Grant, which for years has had stagnant grant amounts and growing waiting lists. Funding for WHEG runs out long before all eligible students can claim their grants. I have seen my proposals for increased grant funding fail on party-line votes numerous times.

While I was pleased to support a tuition freeze for University of Wisconsin students this year (and

am glad to see it will continue next year), it is clear that increasing financial aid or reducing costs for entering students, while important, fails to help those borrowers who are already out of school. Sixty percent of student loan debt in our country is held by people over 30.

We must pursue a two-pronged approach whereby we work to help entering and current students as well as provide meaningful debt relief for the hundreds of thousands of borrowers who have long since finished their educations, but not finished paying for them.

AB 498 deals with both aspects of the problem while appealing to conservative sensibilities and deliberately taking a free-market approach. Specifically, the bill:

- allows Wisconsin's student loan borrowers to

deduct their loan payments from their income tax, just as they can with home mortgage interest. The nonpartisan Legislative Fiscal Bureau estimates this will result in individual tax savings of approximately \$179 for the typical borrower, or as much as \$531 annually for a married couple, both with typical student loans;

- enables Wisconsin's borrowers to refinance their student loans at lower interest rates, just as they can with home mortgages, through the bill's newly created Student Loan Refinancing Authority;
- requires more transparency in lending and financial counseling to help future borrowers make informed decisions; and

- ensures that data about student loan debt are collected and tracked in Wisconsin in order to help policymakers and the public understand the debt crisis.

While this bill received hearings in both the Wisconsin Assembly and Senate this spring, it was not considered in committee or floor votes. I was disappointed about this, but plan to reintroduce the bill in January when our new legislative session commences.

## Borrowers, economy would both benefit

**T**his bill would be a win-win-win, benefiting those Wisconsin residents just starting their higher education journeys, those who are still paying off their loans, and Wisconsin's economy. The Higher Ed, Lower Debt bill would ensure that higher education remains a ticket to the middle class, not a multi-decade debt sentence.

Watching what's been going on nationally, it is evident that states cannot wait for Washington, D.C., to act. Congress' partisan gridlock leaves little hope for significant federal changes to address the student loan debt crisis. The Higher Ed, Lower Debt Bill is an innovative state solution that puts money back into the pockets of student loan borrowers, and in turn back into our states' economies.

An educated workforce and a vibrant middle class are the best investments we can make as a state. The Higher Ed, Lower Debt bill is a common-sense Wisconsin solution that moves us toward that goal.

Information about the bill can be found on my legislative website: <http://legis.wisconsin.gov/assembly/mason/Pages/Higher-Ed-Lower-Debt.aspx>.

Wisconsin Rep. Cory Mason, a Democrat from Racine, was first elected in 2006.

## Submissions welcome

This page is designed to be a forum for legislators and constitutional officers. The opinions expressed on this page do not reflect those of The Council of State Governments or the Midwestern Legislative Conference. Responses to any FirstPerson article are welcome, as are pieces written on other topics. For more information, contact Tim Anderson at 630.925.1922 or [tanderson@csq.org](mailto:tanderson@csq.org).