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.wis.gov)

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

<table>
<thead>
<tr>
<th>State</th>
<th>Average debt</th>
<th>U.S. rank**</th>
<th>% of students with debt</th>
<th>U.S. rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wisconsin</td>
<td>$28,028</td>
<td>15</td>
<td>64%</td>
<td>13</td>
</tr>
<tr>
<td>Indiana</td>
<td>$27,466</td>
<td>16</td>
<td>64%</td>
<td>13</td>
</tr>
<tr>
<td>Iowa</td>
<td>$29,456</td>
<td>6</td>
<td>71%</td>
<td>3</td>
</tr>
<tr>
<td>Kansas</td>
<td>$23,677</td>
<td>33</td>
<td>59%</td>
<td>26</td>
</tr>
<tr>
<td>Michigan</td>
<td>$24,840</td>
<td>10</td>
<td>62%</td>
<td>19</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$31,497</td>
<td>4</td>
<td>70%</td>
<td>4</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$26,473</td>
<td>23</td>
<td>63%</td>
<td>16</td>
</tr>
<tr>
<td>North Dakota</td>
<td>N/A**</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Ohio</td>
<td>$29,037</td>
<td>9</td>
<td>69%</td>
<td>6</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$25,121</td>
<td>28</td>
<td>78%</td>
<td>1</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>$28,102</td>
<td>14</td>
<td>68%</td>
<td>8</td>
</tr>
</tbody>
</table>

* Figure are for graduates of public 4-year institutions and private, non-profit 4-year institutions.
** Rankings of 7 (highest to 40 (lowest)) include District of Columbia; totals for Wisconsin and North Dakota were not calculated due to likely data sharing issues.
Source: Project on Student Debt initiative, Institute for College Access and Success.

Borrowers are facing a perfect storm of rising tuition, restrictive law that forbids loan refinancing, and declining federal and state support for higher education.

Borrowers are a two-pronged approach whereby we 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.

We must pursue innovative, state-level solution to this growing problem.

Due to state the Legislative 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 principal 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 pleased to support a tuition freeze for University of Wisconsin students this year (and 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.

In 2006, I have worked to make college more affordable by urging and supporting efforts for more funding of financial aid for higher education.

We must pursue a state-level solution to this growing problem.

I authored the Higher Ed, Lower Debt bill to provide an innovative, state-level solution to this growing problem.

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

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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.
- requires more transparency in lending and financial counseling to help future borrowers make informed decisions.
- 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

This 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 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://legeomason/Pages/Higher-Ed-Lower-Debt.aspx.

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

Submissions welcome

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