

It's Time to Act on Student Debt

Written by Jeff Smith, State Senator District 31

Wednesday, 26 August 2020 09:09 - Last Updated Wednesday, 26 August 2020 09:51

<http://newiproggressive.com/images/stories/S5/uwgb-students-s5.jpg>



The Student Debt Task Force released its final report to Governor Evers, outlining 8 policy recommendations Wisconsin must act on to help students and families.

EAU CLAIRE, WI - Over the last four months, I was honored to participate in the Governor's Task Force on Student Debt, established by Governor Tony Evers to address the student debt crisis impacting more than 700,000 Wisconsinites. The latest statistic from the Board of Governors shows the level of student debt owed has reached a mind-boggling \$1.7 trillion; Wisconsin, alone, has more than \$24 billion in student loan debt, according to the U.S. Consumer Financial Protection Bureau.

After learning the extent of the student debt crisis, the Task Force came prepared to strategize on ways to provide necessary relief for Wisconsin families. Just last week, the Task Force released its final report to Governor Evers outlining the crisis and providing 8 recommendations to help solve it.

For all the work we did on the Task Force, one thing is clear: the time to act on student debt relief is now. As a state, we must adopt these policy recommendations and fix this crisis to strengthen Wisconsin's future.

In the midst of the COVID-19 pandemic, the Task Force was able to hold 8 virtual meetings.

It's Time to Act on Student Debt

Written by Jeff Smith, State Senator District 31

Wednesday, 26 August 2020 09:09 - Last Updated Wednesday, 26 August 2020 09:51

This format allowed us to hear testimony from current and former students, parents, borrowers, lenders and officials from other states. Some information was familiar to those of us who have navigated the system with our own children; other information highlighted the urgency in addressing this growing threat to our way of life.



In addition to the obvious negative effects student debt has on personal finances, it also has an enormous negative impact on our nation's economy. Student debt delays many graduates from starting their careers or contributing to the marketplace by buying a home or car. Consequently, student debt also affects one's saving habits. Student debt makes it more difficult for graduates to save for retirement or even get into the habit of putting money aside for emergencies.

As with so many other issues, the state and federal government have passed erroneous bills that have made things worse or have ignored the problem altogether, allowing student debt to become the monster it is today. Due to congressional action, debtors aren't able to refinance student loans like you would with your home loan. At the state level, the Wisconsin Educational Approval Board lost much of its funding and authority to truly look out for borrowers' best interests.



After we heard from the diverse group of speakers, the Task Force initially thought of 37 recommendations to address the student debt crisis. From there, the Task Force divided into three groups to determine the most pertinent and immediate solutions. As part of the "Consumer Protection" group, I discussed with fellow group members what action Wisconsin can take to ensure residents are informed and protected when making this significant investment in their education and lives. The other groups were "Government, Public and Private Subsidies & Financing Solutions" and "Borrower Education and Management of Higher

It's Time to Act on Student Debt

Written by Jeff Smith, State Senator District 31

Wednesday, 26 August 2020 09:09 - Last Updated Wednesday, 26 August 2020 09:51

Education Expenses.”

We winnowed down these 37 original ideas by combining and clarifying needs until we had 8 strong recommendations the entire group could accept as realistic policy changes we can implement at the state level. These recommendations won't fix everything for everyone, but they will move us in the right direction. Collectively, the Student Debt Task Force proudly released the following recommendations:

1. Create a borrower Bill of Rights and Student Loan Ombudsman to protect borrowers throughout the entire borrowing process.
2. Enhance proprietary school regulations and reinstate the Wisconsin Educational Approval Board to strengthen oversight over predatory lending practices.
3. Expand access to financial literacy education.
4. Increase need-based and targeted aid for post-secondary education.
5. Provide loan counseling.
6. Implement loan forgiveness programs.
7. Modify existing refinancing practices to benefit more borrowers.
8. Create state student debt relief tax credits for borrowers and employers.

It's Time to Act on Student Debt

Written by Jeff Smith, State Senator District 31

Wednesday, 26 August 2020 09:09 - Last Updated Wednesday, 26 August 2020 09:51

Many of us can relate to how confusing and misleading the system can be. We must ease the burden for young people to get their footing while pursuing their dreams and future. We must prioritize this issue and take action next session.

You can read the full Student Debt Task Force report at [LookForwardWI.gov](https://www.LookForwardWI.gov).