http://newiprogressive.com/images/stories/S5/student-debt-college-s5.jpg 

With student loan debt in Wisconsin at $19 billion and rising, we need a plan that allows loans to be refinanced at lower interest rates. Gov. Walker's rejection of refinancing leaves hundreds of thousands of Wisconsin residents at the mercy of Wall Street.

MADISON - With student loan debt in America standing at a record $1.2 trillion and more than a million Wisconsinites currently burdened by student loan debt, Governor Scott Walker announced his student debt proposals during a news conference at the Waukesha County Technical College Monday.

The Governor's plan includes increasing Wisconsin grants for technical college, deducting student loan interest from taxes, and creating grants for students in emergency financial need.

"It`s taking an existing program that`s in place -- and this just adds money, about $1 million more, which will add assistance for about 1,000 more students but it`s on a needs basis. It`s taking a program but expanding," Governor Walker said.

Walker says his new plan will make higher education more affordable and will build on the historic four-year UW System tuition freeze.

Few students, former students, educators or Democrats agree that Walker's plan will be much help.

"It`s not going to do anything to help the hard-working student loan borrowers in the state of Wisconsin who have done the right thing," Scot Ross with One Wisconsin Now said.

A study by the Institute for College Access and Success finds 70% of Wisconsin college graduates have student loan debt. The average exceeds $28,000. Walker's college affordability initiative fails hundreds of thousands of Wisconsin residents with student loans because it does not provide needed relief from high interest rates.

What former students say they need is a plan that allows loans to be refinanced at lower interest rates like car and home loans.

Saul Newton is one of those students. "My highest interest rate on one of my loans is 7.5%. If I could refinance that down to 3% or 4%, that would be thousands of dollars a year that I could put back into the economy," Newton said.

Walker said that the most important thing he's done to improve college affordability is push a four-year tuition freeze for the University of Wisconsin System, which began with the 2013-'14 academic year and is to continue through 2016-'17.



"Unfortunately the Governor is not proposing a serious plan to help the over 815,000 Wisconsin residents who have student loans," said State Senator **Dave Hansen** (D-Green Bay) co-author of the Wisconsin Higher Ed/Lower Debt bill. "This seems to be more of an attempt at a political solution rather than a real effort to fix the problem."

Wisconsin ranks third in the nation for the number of residents with student loan debt. Seventy percent of college graduates now have student loan debt and sixty percent of those with student loan debt are 30 or older.

The amount of total student loan debt in Wisconsin is at $19 billion and rising with the average student loan debt at over $28,000. Research has shown that the high cost of student loans is also hurting Wisconsin's economy. Over $200 million in annual lost new car sales have been attributed to the student loan crisis as borrowers often settle for used cars rather than buying new.

“If the student loan plan being put forward by the Governor and Senate Republicans was a class project it would get a failing grade," said Hansen. "It amounts to little more than lip service to a growing crisis that is crushing the hopes and dreams of hundreds of thousands of Wisconsin residents and stifling any chance we have of real economic growth.”

Since 2013 Senator Hansen and Representative **Cory Mason** (D-Racine) have been promoting the Higher Ed/Lower Debt bill that would make it possible for Wisconsin residents to refinance their student loans at lower interest rates.

The state of Rhode Island, which has a student loan authority similar to the one proposed by Hansen and Mason, has been offering low cost student loans since 1981 and is currently offering student loan financing at rates as low as 4.24%.

“The only affordable way to address this growing crisis effectively is to offer borrowers the ability to refinance their student loans like home or car loans," concludes Hansen. "Anything short of that is to leave Wisconsin borrowers at the mercy of Wall Street and the student loan giants.”

Wisconsin's stagnant economy would also benefit. “Wisconsin’s economy would clearly do better if we had a real policy solution to student loan debt and the governor’s plan isn’t it”, added Assembly Democratic Leader Peter Barca (D-Kenosha).

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Legislative Staff writer Jay Wadd contributed to this story.