

Student Loan Forgiveness Can Strengthen Our Communities

Written by Jeff Smith, State Senator District 31
Wednesday, 07 September 2022 10:24

<http://newiproggressive.com/images/stories/S5/uwgb-students-1-s442.jpg>



Jeff Smith writes about student loan debt forgiveness and how it will give students and graduates a break to boost the economy and offer our kids and grandkids new opportunities to thrive.

MADISON - Most of us take on debt at some point in our lives, whether we take out loans to purchase a car, become homeowners or pursue business endeavors. In an ideal world borrowers have a clear understanding of the terms of the loan and its repayment.

When it comes to college loans, however, our system is far from ideal. Several years ago, I was honored to serve on the Governor's Task Force on Student Debt. At our meetings, I repeatedly heard from many student borrowers that their loans were uniquely complicated. Just as everyone's financial situation is different, students face complex and challenging circumstances when it comes to student debt repayment.

On August 24th, President Biden announced his student loan forgiveness plan. The President's plan would forgive \$10k in student loans, or up to \$20k if the student's financial need qualified them for a Pell grant during their time in school. Borrowers are eligible for loan forgiveness if they make less than \$125k annually as an individual.

This announcement comes as the cost of higher education has never been greater. For

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decades, tuition rates have skyrocketed across the board, dramatically outpacing inflation and reducing the affordability of higher education. Student aid is often the only option for those without the family resources to pay directly.



According to the U.S. Department of Education, student debt has reached \$1.7 trillion, with a staggering \$23.2 billion owed by borrowers in Wisconsin. Right out of college, students are facing large monthly payments and mounting interest rates. This often results in graduates leaving their home communities, not by choice, but because they need higher-paying jobs to make ends meet.

There has been a lot of talk about how this program will effect individual borrowers, but fewer conversations about what this means for our communities more broadly. Student loan forgiveness is part of a holistic approach to bolstering our recovery from the economic slump brought on by the pandemic. The Paycheck Protection Program was created to keep local businesses afloat and ensure that folks retained their livelihoods, we invested in our local businesses and the future of our communities. Over \$787 billion went out to businesses nationwide, and as of now, over 95% of these loans have already been forgiven.

We can continue moving forward in this economy with student loan forgiveness. Providing relief to student borrowers helps keep wealth in our local communities. This is not only beneficial for the borrower personally, but also strengthens our community as a whole.



Sue and I are proud to have raised our two daughters right here in western Wisconsin, and I want all of Wisconsin's children to have that same opportunity.

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Young families are our future. Local businesses are the lifeblood of our economy. Graduates of our Wisconsin universities shouldn't have to move to Minneapolis or Chicago for better-paying jobs and brighter opportunities. All of our young people should have the chance to build a life here.

By forgiving some of the debt owed by college borrowers, we free them to start families, grow businesses, invest in the local economy and start preparing for retirement. Instead of devoting a large chunk of each paycheck to out-of-state loan servicers, this money can be spent right here in our local community. Student loan forgiveness offers us another level of investment in our communities and businesses that are still recovering from the pandemic.

We still have very important work to do to ensure that our high school graduates have a strong path to a successful career, wherever that path may take them. However, loan forgiveness is an important first step in working towards a more affordable, effective higher education system.