

## Jeff Smith: Student Debt and our Future

Written by Jeff Smith, State Senator District 31

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



***Our kids need an education to get ahead, but the resulting debt can tarnish the degree's value, grow bigger than you thought due to overly burdensome interest payments, and stunt the growth of the economy for all of us. Find out more.***

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MADISON - Most of us have to take on some debt at some point in our lives, whether we take out loans to purchase a car or to help us become homeowners. Oftentimes, people borrow with clear expectations, understanding the whole process. Student loans are different and for many reasons.

Student loan debt has become a national crisis amounting to \$1.6 trillion in total student loan debt in the United States and \$22 billion right here in Wisconsin, according to the Department of Education.

Earlier this year, Governor Tony Evers signed Executive Order #67, which established the Task Force on Student Debt. The Task Force was formed to better understand the student loan crisis and find solutions to provide relief to Wisconsin borrowers. In May, I was appointed to the Governor's Task Force, fortunate for the opportunity to bring along my personal experience helping my daughters navigate the student loan system and my professional experience as the former Vice-chair of the Financial Institutions Committee and Vice-chair of the Higher Education Committee.

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Chaired by the Department of Financial Institutions Secretary Kathy Blumenfeld, the Task Force includes a group of experts from financial institutions and members of state government. The Task Force also includes diverse representation from the UW System, the Wisconsin Technical College System, Tribal colleges and universities, and for-profit educational institutions.



Before the Task Force on Student Debt officially met, Secretary Blumenfeld, State Treasurer Sarah Godlewski and Wisconsin Higher Educational Aids Board (HEAB) Secretary Connie Hutchison held listening sessions throughout Wisconsin to hear directly from student loan borrowers about their experiences. Common themes surfaced at these listening sessions: the need for borrower education and consumer protections; the realization that student debt is a multi-generational issue, impacting students' parents or relatives; an understanding that student debt affects other finances; and acknowledging the confusion and frustration of the borrowing system.

These themes became wholly apparent in the four Student Debt Task Force meetings we've had since May. Our meetings consist of eye-opening testimonials from student loan borrowers along with presentations from leading researchers in the field of student debt and experts who've implemented various policy initiatives in other states to help borrowers.

In only the first four meetings, I've learned that student loans are unlike any other loan and they are incredibly complicated. The confusion can begin even before a student enters college when they fill out the Free Application for Federal Student Aid (FAFSA), which helps students understand their federal student aid eligibility. More often than not, students and parents fill out the FAFSA or other financial aid applications trusting the system will favor the student because, after all, college is about setting up the student for a successful future. Right?

Unfortunately, in many cases, there isn't anyone advising or answering questions for the person

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filling out financial aid applications. Many factors contribute to borrowers feeling overwhelmed by the amount of debt they've taken on. Student debt can tarnish the degree if the borrower earns less than expected, the debt can grow bigger than expected or the payment plan doesn't relieve the debt with over burdensome interest payments.



Also, for those who think the student debt crisis only impacts folks in metropolitan areas, they'd be wrong. In a presentation from the Student Borrower Protection Center, we learned that nearly 20% of Wisconsin's rural population holds student debt with a 12% delinquency rate, meaning they've missed one or more loan payments.

From what I've learned in the first several meetings, it's obvious Wisconsin has a student debt problem that needs fixing. The task force has four remaining meetings where we'll continue learning about student debt and break down potential solutions to support Wisconsinites. Our discussions will result in a report which will include policy recommendations to be passed along to Governor Evers for consideration.

As a member of the Governor's Task Force on Student Debt, it's clear that much depends on how we, as policymakers, come together with solutions that affect America's future potential.

If you're interested in learning more about the Governor's Task Force on Student Debt, please visit [LookForwardWI.gov](http://LookForwardWI.gov).