



Election carries special relevance for indebted grads

Katelynn Rusnock - 10/18/2012

WASHINGTON — Students who must repay college loan money to the federal government have lots at stake in this year's presidential election.

President Barack Obama and his GOP challenger, Mitt Romney, have starkly different positions on student loan debt. Obama has worked to make it easier for graduates to repay their loans. Romney has said he'll lower tuition costs but students should be responsible for repaying the government's investment in their education.

"Don't expect the government to forgive the debt that you take on," Romney said at a town hall event in Youngstown, Ohio in March.

Sixty-six percent of 2011 college graduates are carrying student loan debt — an average of \$26,000 per graduate, according to a report released this month by the Institute for College Access and Success.

Graduates in New Hampshire owe the most — an average of \$32,440 each.

"Had I known four years ago that I would owe so much money, I would have chosen a different school," said Colby Hochmuth, a 20-year-old senior from Duanesburg, N.Y. who's majoring in communications at Pace University's Westchester campus.

Hochmuth said she will owe more than \$50,000 after she graduates. In-state tuition at Pace University is \$54,268, according to the school's web site.

The College Cost Reduction and Access Act of 2007 capped federal student-loan payments at 15 percent of income and forgives any remaining debt after 25 years.

That act is still in effect, although not for long.

Last year, Obama issued an executive order that will cap student-loan payments at 10 percent of income, beginning by the end of this year. The order also makes the income-based repayment program available to more students and commits the government to forgiving loans after 20 years.

"This is a program that more people need to know about," Obama said during a speech at the University of Nevada, Las Vegas, in June. "And we're going to start doing more advertising about this because this is really important."

The promise of repayment caps and eventual loan forgiveness is a vital planning aid for recent high-school graduates planning for college, said Kuldeep Yadav, a sophomore at Rutgers University majoring in cell biology and neuroscience.

"You can't expect high-school students who are graduating twelfth grade to prepare for their financial future at that age," 19-year-old Yadav, from Monroe

Township, N.J., said. "If (the programs) are removed, they will definitely affect a lot of my peers, especially those that I know who are struggling and who are first-generation college students."

Romney released an education white paper in May that said he would take steps to lower tuition costs, but relieving graduates of responsibility to repay their loans will drive education costs even higher.

"America is fast becoming a society where education is unaffordable, a government loan is an entitlement, default is the norm and loan forgiveness is the expectation," the paper says. "America needs a new normal where college is affordable and paying off debt is achievable."

Neal McCluskey, an education analyst at the Cato Institute in Washington, said income-based repayment plans are useful, but only in the private sector.

"As a taxpayer, you are backing these loans whether you like it or not," he said. "So it's unjust to say, let's just make it free money for students. When you give people access to lots of money to pay for college, colleges raise their prices."

Hochmuth, the senior at Pace University, agreed that programs to cap repayments and forgive loans probably create a sense of dependency among college graduates.

"To think that I wouldn't have to pay over 10 percent of my salary is comforting, but it's daunting knowing all of these college graduates will be depending on the government," she said.

But Natalie Hoff, 19, a sophomore and nursing major at Michigan State University in Lansing, said removing the programs would be unfair to students who otherwise couldn't afford to attend college.

She said Obama is better able than Romney to understand indebted students because he and first lady Michelle Obama didn't finish paying off their student loans until 2004.

"This will effect who I vote for because it directly affects me," Hoff said.