



## *Student Debt Raises Concerns*

POSTED BY [ALEX FERRERAS](#) ON [MARCH 21, 2012](#) IN [STUDENT LOANS](#)

(Source: Debra Erdley [The Pittsburgh Tribune-Review \(MCT\)](#) — Soaring student debt and a looming congressional battle over the interest [rate](#) on federal student [loans](#), slated to increase from 3.4 percent to 6.8 percent in July, may be an opening for change, Sen. Dick Durbin said on Tuesday.

Presiding over a Senate subcommittee hearing in Washington on student debt, Durbin, D-Ill., repeated his call to make private [student loans](#) subject to bankruptcy discharge. He said Congress should require colleges to certify that students have exhausted federal loans before private lenders can issue additional debt and should strengthen college oversight to ensure students are not graduating with “worthless degrees.”

“There is now more student loan debt in this country than credit card debt,” Durbin said.

Illinois Attorney General Lisa Madigan cited a report this month by the Federal Reserve [Bank](#) of New York that suggested 27 percent of the nation’s 37 million student borrowers are at least 30 days behind on their payments. She told the Senate panel it hints at problems in the future.

Madigan said her office has sued a private, for-profit college that steered students toward private loans, enrolled them in a criminal justice program that cost 10 times as much as equivalent programs at community colleges and left graduates unqualified for police work because the school was not certified.

“There is work to be done on the federal level to make sure accreditation is meaningful,” she said.

Neal McCluskey, associate director of the Cato Institute’s Center for Educational Freedom, wants the federal government to get out of the student loan business. But if it does not, McCluskey testified, pegging aid to students’ classroom performance could help ensure graduates can handle payments.

Mark Kantrowitz of Cranberry, a national student aid expert who publishes the FinAid and FastWeb websites, did not testify at the hearing but told the Tribune-Review there is a growing need for such debate.

“We’re definitely encountering a period of severe declines in college affordability, and the number of students who graduate with extreme debt is growing. (Durbin’s) proposals are good proposals and they will help. They’re not a magic bullet that will solve the problem,” Kantrowitz said.