REVIEW ATLAS

Blank check mindset needs addressing

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Imagine a state government with the worst credit rating in the nation, borrowing money to pay off the personal debts of individuals with six-digit incomes buying homes that cost as much as $500,000.

Make much sense? Nope. But that's exactly what the state of Illinois is doing.

Two years ago, Illinois lawmakers passed the $45 billion Rebuild Illinois Capital Plan. It was a bipartisan proposal negotiated behind closed doors and designed to pay for repairing highways, building bridges and erecting public buildings. But the plan also set aside $25 million to forgive student loan debt.

The SmartBuy program pays off as much as $40,000 in student loans if the debtor buys a home in Illinois and holds it for three years. Another $5,000 is available as a no-interest loan for a down payment or closing costs.

Student loan forgiveness sounds magnanimous until you figure out it really means folks who either didn't go to college or who have already paid for college will end up footing the bill for someone else's college education.

"The last I checked, two-thirds of Americans don't have bachelor's degrees. It's not fair to expect them to pay for the college educations of those who are better educated and often better off than they are," said Lindsey Burke, director of education policy at the Heritage Foundation.

In case you are thinking Illinois' program targets hard-luck cases struggling to survive under crushing debt, think again.

Folks earning $109,200 a year can qualify for loan forgiveness.

That is 65% higher than the median household income in Illinois of just under $66,000.

The program is expected to pay off the debts of about 1,000 people. But former State Rep. Jeanne Ives notes that about 2 million Illinoisans have outstanding student loans.

This means that the other 1.99 million Illinois taxpayers with student loan debt are not only paying for their own college education – but someone else's.

It's not fair to them or the students who worked through college, earned scholarships, went into the military, chose less expensive schools or whose parents sacrificed to send them.

I reached out to Kristin Faust, executive director of the Illinois Housing Development Authority, which administers the SmartBuy program. But neither she nor her staff immediately responded.

Let me acknowledge that a ridiculous amount of debt is being taken on to pay for college.

But who are the bad guys in this mix? Well, college administrators.

The U.S. Bureau of Labor Statistics says on average the price of college tuition has increased 31 percent during the last decade.

But that is not the case at all schools.

For example, Purdue University hasn't raised its tuition for 10 years. Not only has tuition remained flat but room and board rates have dropped during that period from second highest in the Big Ten to the most affordable.

But most college presidents haven't followed the Boilermakers' lead,

After all, students are able to borrow and pay whatever schools charge. So, colleges maximize revenues by driving those they are supposed to serve deeper into debt.

And colleges use much of that money to create more administrative positions. Since 2001, administrative positions on college campuses have grown at a rate 50 percent faster than teaching posts, Burke said

"It's also important to remember that colleges are competing with each other to recruit students. They feel the need to add more frills and amenities like climbing walls, lazy rivers and nicer buildings. And this too drives up costs," Neal McCluskey, an education policy analyst at the Cato Institute, added.

Our current student loan system is like giving 18-year-olds credit cards and telling them to charge whatever they like and worry about how to pay for it later.

And until this blank check mindset is addressed, our young people will be going deeper and deeper into debt.