Election relevant to indebted La. grads

Candidates differ on student debt

By: Katelynn Rusnock - November 5th, 2012

WASHINGTON — Students who owe 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 or discharge their obligations. 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.

Forty-six percent of Louisiana's 2011 college graduates are carryingstudent loan debt — an average of $22,455 per graduate, according to a report released in October by the Institute for College Access and Success. The average student loan debt carried by Louisiana graduates ranks 35th lowest in the country.

Nationwide, 66 percent of 2011 college graduates have some form of student loan debt, with the average being $26,000 per graduate, the study reports.

Aaron Silas, a senior with student loan debt at Grambling State University, said he sees positives and negatives with both candidates' plans.

"Romney has a great point in his idea that Americans should work for what they've got," the psychology major from Rancho Cucamonga, Calif., said.

However, he said Obama's programs help provide an education for those who otherwise could not afford one. "It helps the people that can't afford school at the moment to then go to school," he said.

Silas says he is unsure about how much student loan debt he has and plans to graduate before he begins to worry about how he will pay back his tuition. Grambling's cost of attendance in the 2010-11 school year was $18,845, according to the Institute for College Access and Success.

As a result of strong urging from Obama, the U.S. Department of Education released final regulations Thursday for the president's pay-as-you-earn program. The new regulations cap annual federal student loan payments, for those enrolled in the income-based repayment (IBR) program, at 10 percent of income and forgive any remaining debt after 20 years.

"IBR provides an important light at the end of the tunnel for student loan borrowers, and with Pay-As-You-Earn, the light shines that much brighter," Pauline Abernathy, vice president of The Institute for College Affordability and Success, said in a statement released Thursday.

The program eases 2007 regulations capping federal student loan payments at 15 percent of income and forgave any remaining debt after 25 years.

To be eligible, students cannot have any student loans issued before Sept. 30, 2007, and must have at least one loan issued after Sept. 30, 2011.

The new program is the result of an executive order issued by Obama last fall.

"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."

In a white paper Romney released in May, the former Massachusetts governor said he would take steps to lower tuition costs. But he said that relieving graduates of responsibility to repay their loans would only 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."

But Natalie Hoff, 19, a sophomore and nursing major at Michigan State University in Lansing Mich., 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.