Michelle Anasa, Jake Kuhl, Christopher Sanchez

PAF 9100 Response Panel

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**Panel Member Michelle Anasa’s Response**

The student debt crisis is one that I am painfully familiar with, as I’m sure is the case with the majority of my classmates. I didn’t need much convincing that this is an urgent issue that needs to be addressed immediately, as the negative repercussions just keep compounding with every year that passes, allowing any possible solution to drift further and further out of reach. Although I was already on board with the topic before the presentation had even begun, the group did do an excellent job of approaching the issue from a multitude of different angles, many of which had not even crossed my mind. For the past few years I have been viewing the debt crisis from the narrow lens of just my own personal experience. Through the presentation of this policy brief I learned how the damage caused by the student debt crisis goes far beyond what I’ve experienced as an individual - an experience shared by so many other young adults in similar situations to mine – but still not representative of the majority of all American citizens. This was the point where the group really captured my attention. I never would have considered student debt to be a national issue, but the information presented made an excellent point regarding the origin of these student loans. The Federal Government is the one providing all the funds for these loans, letting students borrow large sums of government money - at what could easily be argued are unreasonably high interest rates, especially when the money is directly assisting American citizens access a “service” that has often been touted as being an undeniable human right - and so, where else would the Federal government be getting this money other than tax dollars! It is a clear connection that seems to have been egregiously overlooked in any previous discussion regarding student debt and its effects on the American citizenry as a whole that I’ve ever had before. The fact that significantly less than 50% of borrowers are able to make their payments on time is not just a problem that those borrowers have to deal with and remedy on their own. Fixing this problem should be the concern of the American public because in the end it is everyone that will suffer from the ever-growing number of borrowers defaulting on their loans. They can’t pay, the Federal government doesn’t get reimbursed, and all tax-paying Americans now have to live with the consequences of watching their hard-earned money go to waste - money which they expected to be cycled through the government in a way that would serve their best interests as citizens at some point in the future.

The US is essentially contradicting itself by putting so much emphasis on a good quality college education as one of the main steps to take toward a better quality of life and successful upward mobility, promising a return on the investment in the post-graduation years to come, but then showing no sympathy or assistance toward these “American Dream” chasers when they transition from the status of “student” to “delinquent borrower.” The fact that college is absolutely worth it in the long run is still regarded as uncontested fact because in the past, this did hold true without a doubt. The changing tides however do call for a fresh cost-benefit analysis to be conducted. With tuition rising so quickly and so far ahead of the pace of inflation, either policies regarding student loans need to be amended or enrollment will drop as more and more people recognize that the hardship of living with huge student loans for the sake of having a college education may not always end up “paying for itself” or even paying for the bare minimum of monthly required payments, as the presenting group so aptly showed us.

Since we are still at a point where the majority of people are not interested in opposing the idea that the only reasonable means for achieving success within ones career is by starting with a high quality education (served with a generous helping of insurmountable financial burden on the side of course), I think that rather than trying to fight what is a deeply ingrained societal, our energy as a nation should be more focused on modifying policies regarding student debt. Out of the options presented by the group I initially was leaning toward the first option, The Obama Student Loan Forgiveness Program. What drew me in was the multitude of different repayment programs. As I interpreted it, the fact that this policy option presented a broad spectrum of payback possibilities showed a sense of leniency and genuine humanity toward the borrowers, allowing them to choose which of the plans they felt best catered to their lifestyle. Upon subsequent readings of these options however, I felt that too many people would be excluded, as the provisions were a bit too strict with participation requirements to have as vast of an effect as I would like to see. With that being said, I would personally like to see option 2 implemented right away. Not only was this the most straightforward remedy provided, it was also the most feasible when taking the current political and economic U.S. climate into account. Refinancing student loans is not a radically drastic move that would incite uproar amongst American citizens. It is an easily implementable legislative response to attacking the current student debt crisis headfirst. Reducing the difficulty, and the associated stresses, of trying and failing to get ahead of the constantly accruing interest rates would not only make a noticeable difference in the debt burden being carried by current borrowers, but it also provides us with almost immediate results. There would be a tangibly instantaneous release of pressure as a result of loan refinancing, and this sense of relief would additionally help mitigate the negative effects of the more peripheral problems caused by the student debt crisis, such as the decline in homeownership and the shortage of people choosing to go into the lower paying service industries, because if a person is just entering the workforce and is not weighed down by a mountain of debt, they are much less likely to be so preoccupied with financial issue that they don’t even consider the possibility of taking a lower salary in order to work in a field that is essential to the healthy functioning of society and which helps serve the entire American community’s best interests - a non monetary bonus that can only be appreciated by someone that is not being forced to put all of their energy into finding a way, each and every month, to pay back the tens of thousands of dollars they owe to the Federal government.

**Panel Mmeber Jake Kuhl’s Response**

 Your presentation clearly explained that student debt is a real problem that needs to be addressed. The statistics alone show the severity of the problem, and I liked the graphic that showed all the things someone can purchase if they did not have student loans. It was a great attention getter and expressed the problem in a way that people can relate to. Regarding the options, I am in favor of the second and third options, with minor adjusting to them. I do not dismiss the first option, but I feel it does not go far enough in remedying the problem.

 Before even mentioning the issue of refinancing student loans, I would make a moral argument about the nature of student loans. The reality is, the government makes billions of dollars off middle class and poor kids trying to get a better education. Current policy dictates that middle class and poor kids should pay more than students who can afford to pay an education up front. In doing this we treat education as if it were a luxury, which some people can attain, but no one is entitled to. I would argue that education is a right and a necessity that everyone should have equal access to. As long as society believes this it is inherently discriminatory to punish students because of their financial standing, it is even worse that the interest charge is higher than most other luxury goods. For example, my car loan has a lower interest rate than my student loan. If we value morality in public policy, student loans should be free.

 I realize that this is unlikely, but it is an interesting argument to bring up. One proposal that I think might gains traction is a 0-interest loan after a specified period of payments; this will allow the government to make money, while giving the borrower a greater incentive to make payments, knowing that the loan’s lifespan will decrease over time, and ultimately save the borrower money. Another option is an interest free period while you are in school.

 While tuition free public college is ideal, it is by far the most difficult to implement. President’s Obama recommendation of tuition free community college is more realistic and targets those that are most negatively hurt by student loans. It may come as a surprise but students with the lowest loans (most likely those that attend community colleges) have the highest default rate. Free community colleges will lower the default rate, while simultaneously improving access to college. This is the best of both worlds and my personal favorite.

**Panel Member Christopher Sanchez’s Response**

The problem statement did a great job of addressing the seriousness of the issue and the surrounding factors. Identifying issues at the macro and micro level in terms of our nation as a whole and the individual universities sets the stage for understanding increasing student debt. I would suggest diving further into the effects of increasing student loan debt by researching what effects these lengthy payment have on individuals over the long term. What disadvantages, missed opportunities or lifetime burdens are imposed by those that choose to receive a higher level of education?

In terms of government assistance, I feel the flexibility and the number of alternatives provided by “President Obamas student loan forgiveness program” if beneficial for making repayment feasible for borrowers but does not address the reason for increasing debt and much higher tuition costs. One aspect that greatly assists individuals is the forgiveness program for those that enter into public service work. Not only does this aspect of the program assist those that choose to receive education but rewards those that work for public agencies.

The final policy option, I believe would do the greatest work in assisting students, however; seems infeasible. Many public universities are already losing government funding and are therefore looking for more creative solutions to rising costs. This option would do the greatest good but would take heavy action from federal and state government to make higher education worth getting over the long term.

To strengthen the overall argument, I would suggest more extensive research into the areas of highest expenditure for college students and identify if colleges have artificially inflated these cost or if they are necessary for operating. As students we are all aware that there is an increasing and overwhelming cost of achieving higher education; however, I would be interested to understand what factors are the root of the issue and what if anything can be done to address these areas. The presentation and accompanying paper did a nice job of highlighting the action that can be taken by government to alleviate the burden of financing a college education, however, I would have liked to see an option that addresses individual institutions and makes them more affordable. I feel as though a smaller level of change at the state or even city university level would make be a more feasible option for policy reform than some of the larger government policies suggested.