Written by
Wednesday, 24 July 2013 12:02

Minnesota state university students oppose the deal Senate lawmakers have reached on federal student loan reform that may be voted on as early as Tuesday. This deal makes long-term changes to the student loan system, which address Congress's budget crisis by placing a greater burden on the backs of students.

This deal does little to address the problem and would lead to higher rates than the current 6.8 percent within four years, generating a projected $184 billion of revenue for the government over the next ten years. In addition, it generates an additional $715 million from borrowers, to be used specifically for deficit reduction.

"While we appreciate the work of the Senate on this issue, this plan places too heavy a burden on tomorrow's students. Furthermore, the last thing we should be doing is creating an additional debt burden of $184 billion for the nation's future leaders and workers," says MSUSA state chair Alexandra Griffin.

"Deficit reduction under the guise of student loan reform is not that solution."

Students are supporting the Murray-Franken amendment that would allocate the surplus savings to shore up Pell grants in FY2015. The amendment will protect the maximum Pell grant (and allow it to increase to an estimated $5,845), help prevent eligibility cuts and expand access to financial aid for career pathway students. It sends an important message that Congress supports grant aid for needy students and will not balance the budget on the backs of students.

Students are also supporting an amendment offered by Sen. Reed (D-RI) that would cap federal student loan interest rates at 6.8 percent instead of the range of 8.25-10.5 percent currently being touted in the Senate plan. This amendment will ensure that students have a chance to earn a college education without mortgaging their future.

Student debt has reached unsustainable levels. In fact, federal student loan debt alone surpassed the $1 trillion mark for the first time ever. In addition, now the total student loan debt surpasses even credit card debt. Currently, 71 percent of the state's graduates carry student loan debt, with an average of $29,793 per borrower. In Minnesota alone, this bill will negatively affect 194,211 student loan borrowers.

Established in 1967, MSUSA is an independent, non-profit organization funded and operated by students. MSUSA serves the students attending Minnesota's state universities in Bemidji, Mankato, Marshall (Southwest), Moorhead, St. Cloud, St. Paul/Minneapolis (Metropolitan), and Winona.