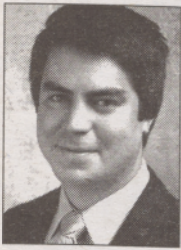


# Student debt a social problem demanding federal action



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Electon Day has sadly become a reminder to us all that we are a deeply divided country that doesn't agree on much. We differ on Democrats vs. Republicans, trickle-down economics vs. a more redistributive approach, a more active and aggressive foreign policy vs. a more reserved and isolationist, rich vs. poor, SuperPACs vs. the people, etc., etc. But beyond our differences, one thing unites us as Americans: our persistent belief in the power and opportunity found in education.

For generations now, Democrats, Republicans, African Americans, Asian Americans, rich, poor, rural, urban and Americans from every walk of life have instilled in their children the importance of working hard in school and getting a good education. In fact, education and hard work are the dual engines of the American Dream, giving one the power needed to propel up the economic ladder and into the middle class.

The problem, according to the Economic Policy Institute, is that a bachelor's degree is not enough any more for many jobs that provide an entry point into the middle class. Middle class jobs used to only require a bachelor's degree, now many require a master's degree. Additionally, the cost of obtaining a bachelor's degree has increased more than 1,112 percent over the last 30 years, according to a study commissioned by Bloomberg News. The study finds that college costs have increased "four times faster than the increase in the consumer price index."

And though the benefits of going to college still outweigh the cost, we are ushering a new generation into the

workforce by reducing their wages by at least 10 percent in perpetuity through their student loan debt obligations. According to the Institute for College Access & Success, graduates of public universities in Oregon have on average more than \$25,000 in debt acquired from a bachelor's degree, while graduates from private universities in Oregon on average have a slightly higher debt total for the same bachelor's degree.

A recent report in The Oregonian showed that the total amount of student debt in Oregon has doubled in the last decade. All this, while wages for 90 percent of Americans has stagnated for a generation. We have now made students pay premium to join the middle class and earn less money than their parents did. Even under President Obama's plan for student loan relief, students must still pay at least 15 percent of their income toward their student loans. USA Today reports that this 15 percent (or more) being paid to student loan lenders is already a drag on the economy. As a result of being thousands of dollars in debt, more and more young professionals are putting off things like homeownership, marriage and starting a family. Without some sort of structural reform student loan debt is likely to be a drag on the economy for a generation.

But even though student debt is largely a federal issue, there are still plenty of things the Oregon Legislature can do to not only ease the burden on those students with huge debt, but also to bring down the cost curve of higher education. A good place for the Legislature to start would be tax policy. Currently, those with student debt can receive a federal tax deduction for the interest they pay on their student loan

payments. The federal deduction is not perfect, it only allows you to deduct up to \$2,500 and the deduction goes away if you make more than \$75,000. Oregon ought to go farther and allow state income tax deductions for all student loan payments. This won't solve the problem of students loans outright, but it will provide some financial relief for those forced to pay an outsized amount of their monthly income repaying student loans.

A second thing the legislature should do is create a 9/11-style commission (not to overly dramatize the issue) to investigate: what went wrong with the cost of higher education; how did we get to a place where higher education requires a mortgage-sized loan and, most importantly; what can be done to solve the problem. But then lawmakers must show courage and enact whatever sort of reforms the commission recommends, no matter how painful they might seem.

Ultimately, like immigration reform, student debt is a federal issue. But just like the fight for immigration reform, Congress doesn't seem interested or capable of solving the problem. People with student debt can't wait any longer on the federal government. If we want to solve the student debt problem for Oregon students we should get started and hope the federal government follows our lead. Restoring the American Dream starts with restoring the pathway to prosperity for generations to come. It's still true that the surest path to prosperity still runs through a good education. May we have the vision and courage to make sure all students still have access to that path; let's fix the student loan problem before it's too late.

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