Politics Notebook: Student loan interest rate at issue

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As Congress debates blocking a scheduled doubling of student loan interest rates, Ohio groups pressed the issue to the forefront and admonished plans to cut Affordable Care Act funding.

The Republican-led U.S. House voted to zero out the health care overhaul's Prevention and Public Health Fund to pay the $6 billion cost of keeping interest rates on federal student loans at 3.4% and avoid an increase to 6.8% on July 1.

The U.S. Senate is planning to vote Tuesday on a bill co-sponsored by U.S. Sen. Sherrod Brown (D-Avon) that would keep the lower interest rate and pay for it by closing a loophole that allows wealthy owners of privately held "S-Corporations" to avoid paying Social Security and Medicare taxes.

Progressive think tank Innovation Ohio released a report Monday that shows the GOP’s proposal to continue the current interest rate in exchange for eliminating the Prevention and Public Health Fund would cost Ohio millions of dollars in federal money and have a disproportionately adverse effect on women and children.

The IO report says Ohio has received $17 million in Prevention Fund grants since 2010 and eliminating the PPHF would de-fund programs used by more than 2 million Ohioans, nearly 1.4 million of whom are women and children.

Ohio ranks near the bottom for many of the diseases and conditions addressed by the prevention funds. The state is third worst in breast cancer deaths, fourth worst in smoking rates, 10th worst in lung cancer deaths, and eighth worst in both heart disease and diabetes, according to the report.

Eliminating the Prevention and Public Health Fund would cut $11.9 billion, twice as much as is needed to pay for the lower interest rates, IO said. "Ohio college students and their families are already swimming in debt and can't afford to see their loan interest rates double," IO President Janetta King said in a release. "But it's cynical politics and poor public policy to insist that the only way to help college students is by hurting the health of women and children."

"Nor do the budget numbers suggest that it's necessary. If keeping interest rates from doubling costs $6 billion, why do House Republicans insist on cutting $12 billion? If stopping illness before it starts is cheaper than treatment, why are Republicans targeting an illness prevention fund that provides services to over 2 million Ohioans?"

The nonprofit, nonpartisan Ohio Public Interest Research Group said the anticipated increase in Stafford loan rates would cost Ohio students $360 million per year.

"In today's economy, students need a college education to get ahead," said Rich Williams, higher education advocate for Ohio PIRG. "Doubling the interest rate for student loans would make this goal harder to achieve for thousands of Ohioans." The average student borrower already graduates with more than $25,000 in student loans. On average, the doubling of the interest rate would add about $1,000 for every year a student takes out a loan, adding up to more than $4,000 over a four-year education.
Sen. Brown's campaign meanwhile criticized his reelection opponent Treasurer Josh Mandel for refusing to take a position on the pending interest rate increase. "Josh Mandel's attempt to dip, dodge and duck taking a position is nothing new, but Ohio middle class families nonetheless deserve a straight answer from Josh on whether he supports Senator Brown's bill to keep college affordable - a simple yes or no will do," said Sadie Weiner, spokesperson for Friends of Sherrod Brown.

"So far, Josh Mandel has been on the wrong side of the issues that affect middle class families, and this time, Mandel needs to answer to the 382,000 Ohio students and countless others students who hope to attend college with the help of federal Stafford loans and who are wondering if Josh Mandel would vote to let the cost of their education rise dramatically." The Mandel campaign did not respond to a request for comment.

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