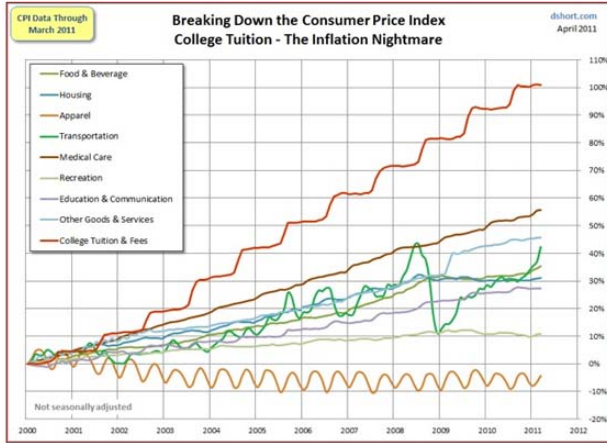


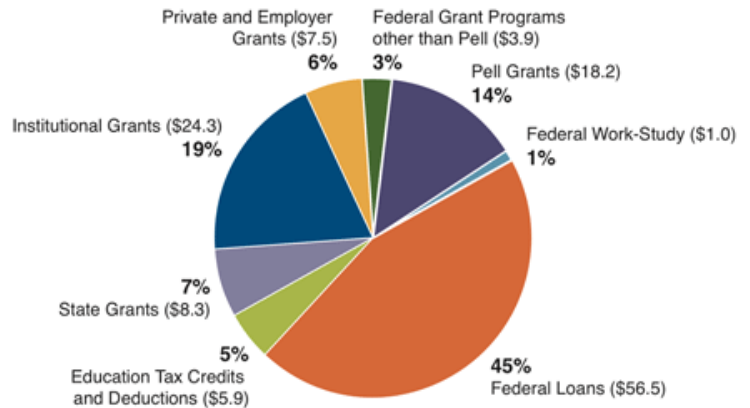
Student Loans: A Plethora of Legislation and No Relief

Table 1



<http://www.thefiscaltimes.com/Articles/2011/04/18/Student-Debt-Many-Will-Be-Paying-for-Ever.aspx#page1>

Graph 1



<http://www.mefa.org/payforcollege/payforcollege.aspx?id=1304>

Legislation:

'Know Before You Owe Act' (2012) – A piece of legislation proposed in an effort to protect students attending for-profit institutions from over-commitment of student loans. This legislation would require specific certifications from institutions receiving federal funding to ensure (or increase the number of) students are receiving quality degrees that will allow them to repay their loans. GovTrack gives a forecasted 4% chance of passing.

'Understanding the True Cost of College Act' (2012)- Would require more forms during the student loan process in an effort to further educate students on the ramifications of accepting student loans. This bill has not passed.

'Fairness for Struggling Students Act' (2012)– Would allow students who took out loans from private lenders to wipe out student loan debt in bankruptcy proceedings

"Student Loan Forgiveness Act" (2012) – This legislation focuses specifically on 'restoring fairness' in higher education, offering loan forgiveness, interest rate caps, and refinancing opportunities. Though this legislation is yet to pass, it has significant strength and support across the country. This has been branded as a 'real' stimulus plan.

**In July, President Obama signed into law a transportation bill that also capped the student loan interest rates.

Implications of increased student loan debt

- Delayed life accomplishments such as marriage, home ownership and child bearing
- Private lenders have ceased lending
- Parents are bearing the burden
- Ultimate toll on the economy when an entire generation is unable to play a role in the market because of student loan burden

Options?

- Reduce interest rates
- Make all college education free
- Halt all student loan lending
- Allow for bankruptcy wipeout of private loans to encourage compromise on behalf of banks