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COLLEGE PROPOSAL NO-BRAINER: GET THE MIDDLEMAN OUT OF SCHOOL LOANS

HELP FOR homeowners facing foreclosure. Financial protections for consumers. Health care.

Now add to the growing list of Senate proposals facing Death by Lobbyist a common-sense plan to help more Americans pay for college.

President Obama has called his proposal to eliminate the middleman in college loans a "no-brainer," and it is. What else would you call a plan that would save taxpayers \$80 billion in 10 years while increasing Pell grants to low-income students?

That would be the benefit of a federal takeover - yes, we said it, and we're glad - of college loans. As it stands now, banks take essentially no risks when making student loans. They handle the paperwork and collect the repayments. If a student defaults, they get paid back by the federal government while still being able to go after the kid for the money that's owed.

Education Department Secretary Arne Duncan characterizes the giveaway as a "sweet deal," and it is. The arrangement sounds like a smaller version of the Wall Street bailout: privatization of profit, socialization of losses. (And an incentive for abuse: In 2007, many universities were found to be taking kickbacks from lenders in exchange for steering students to them.)

So of course the lenders who would be aced out of this lucrative profit center have financed a frenzied lobbying campaign to get the Senate to kill Obama's proposal, which was passed in the House last fall. Their arguments are laughable: an unknown number of the 35,000 people who work in the industry might lose their jobs. And, get this, private lenders perform a valuable service by "counseling" students taking out loans.

In Washington, where money talks, Sallie Mae, which originated \$22 billion in student loans last year, is fairly shouting. The publicly traded lender spent \$8 million on lobbying last year, double what it had the year before, according to an analysis by the Center for Responsive Politics commissioned for the *New York Times*. In the same period, political-action committees for lenders made \$2.1 million in campaign contributions to both Democrats and Republicans.

Here we go again: Corporations get rich off the taxpayers and use that money to block improvements in the lives of middle-class Americans.

Americans are waiting for someone to stand up for them and break this vicious cycle. For

Obama, that should be a real "no-brainer."

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