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# Scott Walker announces GOP college affordability initiative



Associated Press

Gov. Scott Walker is expected to announce legislation aimed at eliminating taxes on college loan interest.

By **Karen Herzog** of the Journal Sentinel

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**Pewaukee** — Gov. Scott Walker announced a legislative package on college affordability Monday that would eliminate the cap on student loan interest that borrowers can deduct from their state income tax, putting an average \$165 extra in taxpayers' pockets.

The package of bills drawn up by Republican lawmakers also provides students with additional information about their student loans so they can make smart financial decisions, emergency assistance so they can stay in school and internship opportunities to connect students with Wisconsin employers.

Walker said during a news conference at Waukesha County Technical College that the most important thing he's done to improve college affordability is push a four-year tuition freeze for the University of Wisconsin System, which began with the 2013-'14 academic year and is to continue through 2016-'17.

"The best way to hold down student loan cost is to keep down education costs," the governor said.

College loan debt is a hot-button topic, and there have been many proposals at both the state and national level to address it.

Wisconsin ranked third-highest in the nation for average student loan debt carried by the Class of 2014, with 70% of graduates from public four-year and private nonprofit schools reporting loan debt averaging \$28,810, according to the 10th annual [report from the Institute for College Access and Success](#) released in October.

The governor said he is working with UW System President Ray Cross on several ways to keep down costs, including promoting a little-known four-year graduation guarantee that students can choose and pushing for a three-year undergraduate degree program that students would start in high school through Course Options.

The tax break legislation for student loan interest would save student loan debt payers in Wisconsin \$5.2 million annually when fully phased in, according to the governor's office.

Currently, the maximum deduction for student loan interest payments is \$2,500. The average increase in benefit for lifting the interest cap deduction is \$165 per tax filer, according to the governor's office. This would benefit roughly 32,000 single and married filers.

The bulk of the benefit would fall in the \$30,000 to \$70,000 income range, and the benefit for this group would be more than \$200.

### Other proposals

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The Republican college affordability legislative package also includes:

- **Increasing Wisconsin Grants for technical colleges.** The legislation would increase need-based Wisconsin Grants by \$1 million for technical college students in the biennium. Last year, almost 37,000 technical college students who were eligible for a need-based Wisconsin Grant did not receive one because of insufficient funding. With an average grant award of \$1,000 historically, the program could meet the needs of as many as 1,000 additional students.
- **Creating grants for students in emergency financial need.** The legislation would allocate \$130,000 to UW System colleges and \$320,000 to technical colleges to provide emergency grants to students to increase the likelihood they will stay in school and finish degrees.
- **Increasing internships.** The legislation is intended to create more pathways to internships by funding two new positions within the Office of Skills Development at the Department of Workforce Development, as well as additional UW System positions.
- **Helping students and families make informed decisions.** The bill would require all state universities and colleges to provide financial literacy to their students within the first semester of enrollment.

### Critic calls plan 'peanuts'

Critics said the Republican plan wouldn't help Wisconsinites currently paying off student loans.

"There are only two things Gov. Walker can do to reduce existing debt on student loan borrowers," said Scot Ross, executive director of the liberal group One Wisconsin Now. "Forgive the debt, or allow students to refinance their loans at lower rates under the Higher Ed, Lower Debt bill. The first would cost \$19 billion, the other, costs nothing."

Ross said what Walker proposes is a "short-term political solution to a long-term crisis." He said the tax break for borrowers would amount to "peanuts."

Walker opposes a plan from Democrats with 50 sponsors that would give borrowers a tax break on student loan payments, not just the interest paid on loans.

It would also create a state authority to allow them to refinance their loans at a lower interest rate.

Walker said the proposal to refinance loans through the state wouldn't work. He said Connecticut has tried that, and "their rates in most cases are higher than the federal interest rate."



#### About Karen Herzog

Karen Herzog covers higher education. She also has covered public health and was part of a national award-winning team that took on Milwaukee's infant mortality crisis.

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#### SCOT ROSS

Under Scott Walker, Wisconsin "moved from 16th to third in percentage of people with student loan debt."



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