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Editorial: College loan change worth cheering about

Rep. Tom Petri, R-Fond du Lac, has been fighting to change the college loan system for 20 years. Now, President Obama has joined the fight.

Obama has come out in support of a plan to eliminate one of the two federal college student loan programs.

In the Federal Family Education Loan program, the federal government guarantees loans made by private lenders, with the lenders getting a cut of the money.

In the Direct Loan program, the government loans money directly to students. Obama wants to do away with the FFEL program and convert all the loans to direct loans.

That's what Petri's been pushing for all this time, without enough success, although studies had backed up the idea by showing cost savings.

The latest study, by the Congressional Budget Office, says switching to an all-Direct Loan program will save the government \$94 billion over 10 years.

In the last couple years, there also have been cases of lenders providing kickbacks or incentives to colleges to steer students into the FFEL program.

And, when the credit crunch hit, private lenders found themselves unable to get the capital they needed to make the loans. The government had to step in and provide the capital for them.

With the Direct Loan program, students get a better deal and the government gets a better deal. It can either keep the money it'll save, or use it to offer more to students in loans. Obama wants to use it to increase the amount given to students in Pell Grants.

As Petri said in a news release, "I think it's going to be a wonderful day for both taxpayers and for students to see this program become the dominant federal aid program in the student area."

Petri's right, just like he has been all along on this issue.