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Contact: Sen. Hansen
608-266-5670

Governor Fails Student Loan Holders

His rejection of refinancing leaves hundreds of thousands of Wisconsin residents at the mercy of Wall Street

(Madison)—State Senator Dave Hansen (D-Green Bay) said Governor Walker’s plan fails hundreds of thousands of Wisconsin residents with student loans because it fails to include the single biggest and most cost effective way to provide needed relief from high interest rates: allowing student loans to be refinanced at lower interest rates like car and home loans.

“Unfortunately the Governor is not proposing a serious plan to help the over 815,000 Wisconsin residents who have student loans. This seems to be more of an attempt at a political solution rather than a real effort to fix the problem,” said Hansen.

Wisconsin ranks third in the nation for the number of residents with student loan debt. Seventy percent of college graduates now have student loan debt and sixty percent of those with student loan debt are 30 or older.

The amount of total student loan debt in Wisconsin is at \$19 billion and rising with the average student loan debt at over \$28,000. Research has shown that the high cost of student loans is also hurting Wisconsin’s economy. Over \$200 million in annual lost new car sales have been attributed to the student loan crisis as borrowers often settle for used cars rather than buying new.

“If the student loan plan being put forward by the Governor and Senate Republicans was a class project it would get a failing grade. It amounts to little more than lip service to a growing crisis that is crushing the hopes and dreams of hundreds of thousands of Wisconsin residents and stifling any chance we have of real economic growth.”

Since 2013 Senator Hansen and Representative Cory Mason (D-Racine) have been promoting the Higher Ed/Lower Debt bill that would make it possible for Wisconsin residents to refinance their student loans at lower interest rates.

The state of Rhode Island, which has a student loan authority similar to the one proposed by Hansen and Mason, has been offering low cost student loans since 1981 and is currently offering student loan financing at rates as low as 4.24%.

“The only affordable way to address this growing crisis effectively is to offer borrowers the ability to refinance their student loans like home or car loans. Anything short of that is to leave Wisconsin borrowers at the mercy of Wall Street and the student loan giants.”