



A Broken Record

While College Costs Continue To Skyrocket Under Obama, He Tries To Distract Voters With A Plan That Has Already Been Discredited

OBAMA IS TOUTING A STUDENT LOAN REPAYMENT PROGRAM WHICH HAS ALREADY BEEN DEEMED A FAILURE

Today, The Obama Campaign Launched A New Website Touting Its “Pay As You Earn” Student Loan Payment Program, Which Was Unveiled As A “We Can’t Wait” Initiative Last Fall. “President Obama’s campaign launched a new website Tuesday highlighting the president’s student loan program, looking to target the youth vote that buoyed his efforts in 2008. The website touts the ‘Pay As You Earn’ program, which caps federal student loan payments at 10 percent of discretionary income. Users can plug their income and student loan debt into the calculator to see what their monthly payments would be. The program was announced last October as part of the president’s ‘We Can’t Wait’ initiatives, a set of executive orders and regulations intended to stimulate the economy — and create distance from an increasingly unpopular Congress.” (Justin Sink, “Obama Campaign Touts Efforts On Student Loans With New Website,” [The Hill’s “Blog Briefing Room,”](#) 8/21/12)

Obama’s Plan Is Just A “Patch” And Has “Many Limitations.” “Like the refinancing plan however, the student lending plan is essentially a patch that would be applicable to only a select slice of borrowers struggling with mounting debt, and it has many limitations. The success of both programs relies on their implementation and could have a tough time reaching as many as envisioned.” (Stacy Kaper, “Obama Student Loan Relief Is Modest But Could Prove Politically Smart,” [National Journal,](#) 10/26/11)

- **Obama’s Recent Higher Education Initiatives “Are Textbook Examples Of Proposals” To Get The Young Vote And Do “Little To Address The Problem.”** “The president deserves credit for calling out soaring tuition and unsustainable student debt as huge barriers to upward mobility and a strong middle class. But unfortunately, the remedies he sketched in his State of the Union address and in a speech at the University of Michigan last week are textbook examples of proposals meant to signal the president’s ‘values’ (and win votes) while doing little to address the problem.” (Matt Miller, Op-Ed, “Obama’s Disappointing College Plan,” [The Washington Post,](#) 2/1/12)

Obama’s Student Loan Plan Didn’t “Go Anywhere Near To Solving The Root Of The Problem.” “The student loan relief plan President Obama announced on Wednesday as part of his ‘we can’t wait’ for Congress to act, rings a lot like the refinancing plan he announced on Monday for underwater homeowners. It allows Obama to take credit for addressing an economic grievance of voters, but is a

modest move that doesn't go anywhere near to solving the root of the problem." (Stacy Kaper, "Obama Student Loan Relief Is Modest But Could Prove Politically Smart," [National Journal](#), 10/26/11)

- **Obama's Plan "Only Reaches The Tip Of The Iceberg" While Ignoring The Increasing Costs Of Tuition And Jobs For Graduates.** "Consumer advocates who focus on student lending praised the effort as a first step but were plain that the initiative only reaches the tip of the iceberg. It chips away at student loan bills but does nothing to address soaring tuition costs, and the scores of recent graduates struggling to find jobs even with advanced degrees." (Stacy Kaper, "Obama Student Loan Relief Is Modest But Could Prove Politically Smart," [National Journal](#), 10/26/11)
- **New Hampshire Union Leader: "What The Changes Would Not Do Is Address In Any Way The Real Problem, Which Is The Astronomical Rise In College Costs."** "What the changes would not do is address in any way the real problem, which is the astronomical rise in college costs. Loan amounts have skyrocketed because college tuition and fees have skyrocketed. Obama does not address that, probably because reducing the cost of attending college would take money from the pockets of academics and college administrators, who vote overwhelmingly Democratic." (Editorial, "A College Pander: Obama Throws Students A Bone," [Union Leader](#), 10/28/11)

Many College Graduates Will Not Qualify For The Income Based Payment Plan Because The Average Income For Bachelor's Degree Holders Is Above \$40,000. "Student loan balances have really only ballooned over the past decade. So this change would affect very few Americans over the age of 32. For the young adults who it may effect, we must remember that educational attainment has some correlation to income. Those with the most debt will have attended business school, medical school, or law school. Most of those people will also have higher incomes, making them ineligible. For a person with the average student debt load, their annual income would need to be lower than \$32,000 to qualify. The average income for Bachelor's degree holders aged 25 to 34 is \$40,100." (Daniel Indiviglio, "Obama's Student-Loan Order Saves The Average Grad Less Than \$10 A Month," [The Atlantic](#), 10/26/11)

- **Consolidation Of Student Loans Under Obama's Plan Would Provide Monthly Savings Of Less Than \$10 For The Average Student.** "Using these values as the high and low bounds of average student debt over the last ten years, the monthly savings for the average student loan borrower would be between \$4.50 and \$7.75 per month. Clearly, this isn't going to save the economy. While borrowers with bigger balances would save more, this is the average. And even someone with \$100,000 in loans would only cut their monthly payments by \$28.50." (Daniel Indiviglio, "Obama's Student-Loan Order Saves The Average Grad Less Than \$10 A Month," [The Atlantic](#), 10/26/11)

Obama Said 5.8 Million Students Could Benefit From His Student Loan Program, But Only 440,000 Have Applied To The Program. "About 440,000 borrowers with loans totaling \$10.6 billion have applied for the program, Education Department officials said. It's a far cry from the 5.8 million borrowers the White House said in October could be helped by the program." (Josh Lederman, "Obama Student Loan Program Nearing End," [The Associated Press](#), 6/29/12)

UNDER OBAMA, AMERICANS ARE PAYING MORE THAN EVER FOR COLLEGE AND SADDLED WITH RECORD STUDENT LOAN DEBT

The Cost Of College Is Currently At "An All-Time High." "Nationally, the cost of a full credit load has passed \$8,000, an all-time high. Throw in room and board, and the average list price for a state school now runs more than \$17,000 a year, according to the twin annual reports on college costs and student aid published Wednesday by the College Board." (Justin Pope, "College Prices Up Again As States Slash Budgets," [The Associated Press](#), 10/26/11)

In The Past Year, Tuition For In-State Public College Rose 8.3 Percent. “Published in-state tuition and fees at public four-year institutions average \$8,244 in 2011-12, \$631 (8.3%) higher than in 2010-11. Average total charges, including tuition and fees and room and board, are \$17,131, up 6.0% from 2010-11.” (“Trends In College Pricing 2011,” [College Board](#), 2011-12)

- **In The Past Year, Tuition For Public Two-Year Colleges Rose 8.7 Percent.** “Published tuition and fees at public two-year colleges average \$2,963, \$236 (8.7%) higher than in 2010-11.” (“Trends In College Pricing 2011,” [College Board](#), 2011-12)

The Cost Of College Has Increased “Faster Than The Rate Of Inflation” And If The Current Trend Continues, The Cost Of College “Will Have More Than Doubled In Just 15 Years.” “Nationally, state and local spending per college student, adjusted for inflation, reached a 25-year low this year, jeopardizing the long-held conviction that state-subsidized higher education is an affordable steppingstone for the lower and middle classes. All the while, the cost of tuition and fees has continued to increase faster than the rate of inflation, faster even than medical spending. If the trends continue through 2016, the average cost of a public college will have more than doubled in just 15 years, according to the Department of Education.” (Andrew Martin and Andrew W. Lehren, “A Generation Hobbled By The Soaring Cost Of College,” [The New York Times](#), 5/12/12)

A New Report By The Department Of Education And CFPB Reports Outstanding Student Loan Debt Totals More Than \$1 Trillion. “As in the housing market, securitization of student loans led to more aggressive underwriting for borrowers who could not possibly afford the debt they took on, according to a government report. The 131-page report was formally released by the Education Department and the Consumer Financial Protection Bureau on Friday. It provides new estimates for total outstanding student loan debt: more than \$1 trillion in 2011, composed of \$864 billion in federal government loans and \$150 billion in private student loan debt. Cumulative defaults on private student loans exceeded \$8 billion, a sum from over 850,000 distinct loans.” (Catherine Rampell, “Report Details Woes Of Student Loan Debt,” [The New York Times](#), 7/20/12)

- **Student Loans Have “Surpassed Credit Card Debt As The Biggest Source Of Unsecured Debt For U.S. Consumers.”** “It has surpassed credit card debt as the biggest source of unsecured debt for U.S. consumers.” (Daniel Wagner, “Study: Student Loans Went To People Who Couldn’t Repay,” [The Associated Press](#), 7/20/12)

Student Loan Debt Amongst College Seniors Is Up 5 Percent From Last Year. “College seniors who graduated with student loans individually owed an average of \$25,250, up 5 percent from the previous year, according to a study by Brewer’s group.” (Eric Plainin, “Student Loans Seen As Potential ‘Next Debt Bomb,’ For U.S. Economy,” [The Washington Post](#), 3/10/12)

“More Than Three Million Households Now Owe At Least \$50,000 In Student Loans.” “The figures put this segment at the heart of a larger trend striking across income groups. More than three million households now owe at least \$50,000 in student loans, up from about 794,000 in 2001 and fewer than 300,000 in 1989, after adjusting for inflation.” (Ruth Simon and Rob Barry, “College Debt Hits Well-Off,” [The Wall Street Journal](#), 8/9/12)

- **The Portion Of Households “With Student Loan Debt Rose To 19.1% In 2010 From 15.2% In 2007.”** “The Journal’s analysis defined upper-middle-income households as those with annual incomes between the 80th and 95th percentiles of all households nationwide. Among this group, 25.6% had student-loan debt in 2010, up from 19.5% in 2007. For all households, the portion with student loan debt rose to 19.1% in 2010 from 15.2% in 2007.” (Ruth Simon and Rob Barry, “College Debt Hits Well-Off,” [The Wall Street Journal](#), 8/9/12)

GRADUATES ARE UNABLE TO FIND JOBS IN THE OBAMA ECONOMY

Since Obama Took Office, The Unemployment Rate For 20-24 Year Olds Has Increased From 12.4 Percent To 13.5 Percent. ([BLS](#), Accessed 8/7/12)

In 2011, 54 Percent Of College Graduates Were Underemployed Or Unemployed. “A recent Northeastern University study showed that in 2011, almost 54 percent of college graduates were underemployed or unemployed.” (Ray Paprocki, “Young Adults Are Moving Back Home, Making It Tough On Mom And Dad,” [The Columbus Dispatch](#), 8/20/12)

In 2010, 15.8 Million Adult Children Moved Back In With Their Parents, Up From 1.2 Million In 2007. “The U.S. Census Bureau reports that the number of adult children who moved in with parents rose 1.2 million — to 15.8 million — from 2007 to 2010.” (Ray Paprocki, “Young Adults Are Moving Back Home, Making It Tough On Mom And Dad,” [The Columbus Dispatch](#), 8/20/12)

“Exceedingly High Unemployment, Heavy Debt Loads And Limited Job Prospects Have Left Today’s Young Adults With Bleaker Economic Prospects Than Any Generation Since World War II.” (Randy Tucker, “Young Adults Face Toughest Job Prospects Since WWII,” [Dayton Daily News](#), 8/9/12)

James Brock, Economics Professor At Miami University: “The Implications And Consequences For Consumption And Economic Growth In The Economy May Be Significant.” “‘To the extent that we have this high unemployment among twenty-somethings, the implications and consequences for consumption and economic growth in the economy may be significant,’ said James Brock, an economics professor at Miami University.” (Randy Tucker, “Young Adults Face Toughest Job Prospects Since WWII,” [Dayton Daily News](#), 8/9/12)

- **Brock: “They (Millennials) Are Forming Families Later, And They’re Not Even Thinking About Buying A House Or The Items That Go In One.”** “‘They (Millennials) are forming families later, and they’re not even thinking about buying a house or the items that go in one,’ he said. ‘That’s a lot of consumption spending that we’re just not getting a boost from now.’” (Randy Tucker, “Young Adults Face Toughest Job Prospects Since WWII,” [Dayton Daily News](#), 8/9/12)

Kim Parker, Senior Researcher At Pew: “The Rise In The Boomerang Phenomenon Illustrates The Effect The Recession And The Weak Economy Are Having On Young Adults.” “‘The rise in the boomerang phenomenon illustrates the effect the recession and the weak economy are having on young adults,’ says Kim Parker, a senior researcher at Pew and the author of the study. ‘Young adults were hit particularly hard in the job market and are having to delay reaching some basic financial milestones of adulthood because of this.’” (Husna Haq, “Three In 10 Young Adults Live With Parents, Highest Level Since 1950s,” [The Christian Science Monitor](#), 3/15/12)

- **“Their Employment Prospects Are Dim, Their Debt Is High, Their Lives Are On Hold And A Stunning Number Are Living With Their Parents, Even Into Their 30s.”** (Bob Sullivan, “Recession Threatens Generation Of Young Adults, Inspires ‘Occupy’ Protests,” [MSNBC’s Redtape](#), 11/2/11)