

GOVERNMENT DEBATES COST OF INVESTING IN EDUCATION. ANALYST SAY, IGNORANCE COULD COST MORE



Politics, is putting poll benefits before the country, in making the student loans, a political issue instead of taking an unbiased view that could help prepare the future generation of qualified and competent workers for America. American employers have long remonstrated that there are many jobs that cannot be filled, because the country does not have sufficient skilled and trained workers to fill them. A prediction by the Georgetown University Center on Education foresees that by 2018, 63% of all jobs in US will need some post-secondary education. This translates to 22 million workers with the requisite qualifications. However, the report fears that at the current rate of college completion, with college dropouts increasing, the workforce will fall short of the target by 3 million workers. This gap has to be filled, by preparing an additional 300,000 students, with the required academic qualifications, between now and then. Anthony P. Carnevale, a director at the Georgetown Center said, "America needs more workers with college degrees, certificates and industry certifications. If we don't address this need now millions of jobs will go offshore." Republicans are accusing President Obama of appeasing the youth to buy their vote, by extending a subsidized rate of interest, which they consider 'fiscally irresponsible.' Student debt has exceeded \$1 trillion and Americans owe more on student loans than on credit cards. Interest loans on federal student loan, unless the government intervenes and a new legislation is introduced, could double to 6.8 percent. This could add, according to White House sources, \$1000 a year to the cost of the average Stafford loan. Loans available to student at subsidized rates were limited to four years and that is set to expire by the end of June. Congress had subsidized Stafford loans by 50 percent in 2007. Nearly eight million students avail of federal loans each year. President Obama is seeking to extend the subsidized rate of interest. The White House declared Friday that it would initiate a major drive to keep rates on federal Stafford student loans at their existing levels. It is estimated that even a one-year freeze on the interest rate would cost \$6 billion. The White House said, "At a time when Americans owe more on student loans than on credit cards, President Obama believes we must reward hard work and responsibility by keeping interest rates on student loans low so more Americans get a fair shot at an affordable college education, the skills they need to find a good job and a clear path to middle class." Democrats say its highly unfair, to "make student loan borrowers pay 6.8 percent interest at a time when mortgage rates are 3.8 percent, Treasury bonds are being sold at 2 percent, and the Federal Reserve is basically giving banks money for free." Republicans are opposed to this that extending the loan would further increase the deficit and further add to the student's uncertainty regarding financial implications of future borrowings. Republicans have made it abundantly clear, that the government should get out of the higher education financing business. Mitt Romney elucidated his stand on this very plainly saying, " It would be popular for me to stand up and say, I'm going to give you government money to pay for your college, but I'm not going to promise that," further adding, " and don't expect the government to forgive the debt that you take on." Rep. John Kline, R-Minn., and chairman of the House Committee on Education and the Workforce said, "Bad policy based on lofty campaign promises has put us in an untenable situation. We must now choose between allowing interest rates to rise or piling billions of dollars on the backs of taxpayers." Rep Kline had earlier this year referred to the student loan issue as a "ticking time bomb set by Democrats."