



SOUTHERN ADIRONDACK

HOMESTEADING FESTIVAL

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Washington County Fairgrounds

Hands-on Workshops
Classes | Community

Bungle Bee

by Jimmy Lee



Hey, Pop, can you explain to me the hubbub about student loans?



Well, son the federal government began taking a large role in funding higher education after World War II. The Servicemen’s Readjustment Act of 1944, commonly known as the GI Bill, provided tuition assistance and many other benefits, including low-interest home loans, to nearly eight million returning veterans. The program continues to pay tuition for hundreds of thousands of service members and veterans each year.

However, federal student lending did not begin until the Cold War. In response to the Soviet Union’s launch of Sputnik in 1957, Congress passed the National Defense Education Act, sweeping legislation that created federally funded student loan programs and supported national security–related fields, including science, math, and foreign languages. In 1965, the Lyndon B. Johnson administration expanded federal involvement at all levels of education with the Higher Education Act (HEA), which laid the foundation for the current system of federal student lending. Since then, Congress has passed laws that expand loan eligibility and allow parents to borrow on behalf of their children.

The federal government also provides need-based aid in the form of Pell grants, which were established in 1972 and students do not have to repay. But funding levels for the program have not kept pace with the rising cost of college, resulting in more students turning to loans.

Federal Student Aid (FSA): FSA, a division of the U.S. Department of Education, is the primary provider of federal student loans. They offer grants, loans, work-study programs, and other financial aid options to help students pay for college or career school. To access these loans, students typically need to submit the Free Application for Federal Student Aid (FAFSA)¹².

Student Loan Servicers: FSA partners with private companies known as student loan servicers to manage various aspects of the repayment system. These servicers handle tasks such as billing, answering borrower questions, and helping borrowers choose the best repayment plan. Some of the servicers include Maximus Education (also known as Aidvantage), Edfinancial, MOHELA, Nelnet, and Central Research, Inc.

So, the Federal government takes tax payers money and loans that money to students. Since the government issues the loans, some politicians believe the President can forgive the loans. The problem is because the government does not get its money back to loan to other students to keep the student loan program alive, the government has to take more tax money from the taxpayers. So, the loans are really just transferring the burden of loan payments from the students to the taxpayers.

If that is not bad enough, the government intends to pick and choose who does not have to repay. This leads to discrimination charges and creates a rift between those who have to pay or have already paid and those who do not. Hence, further dividing the country.