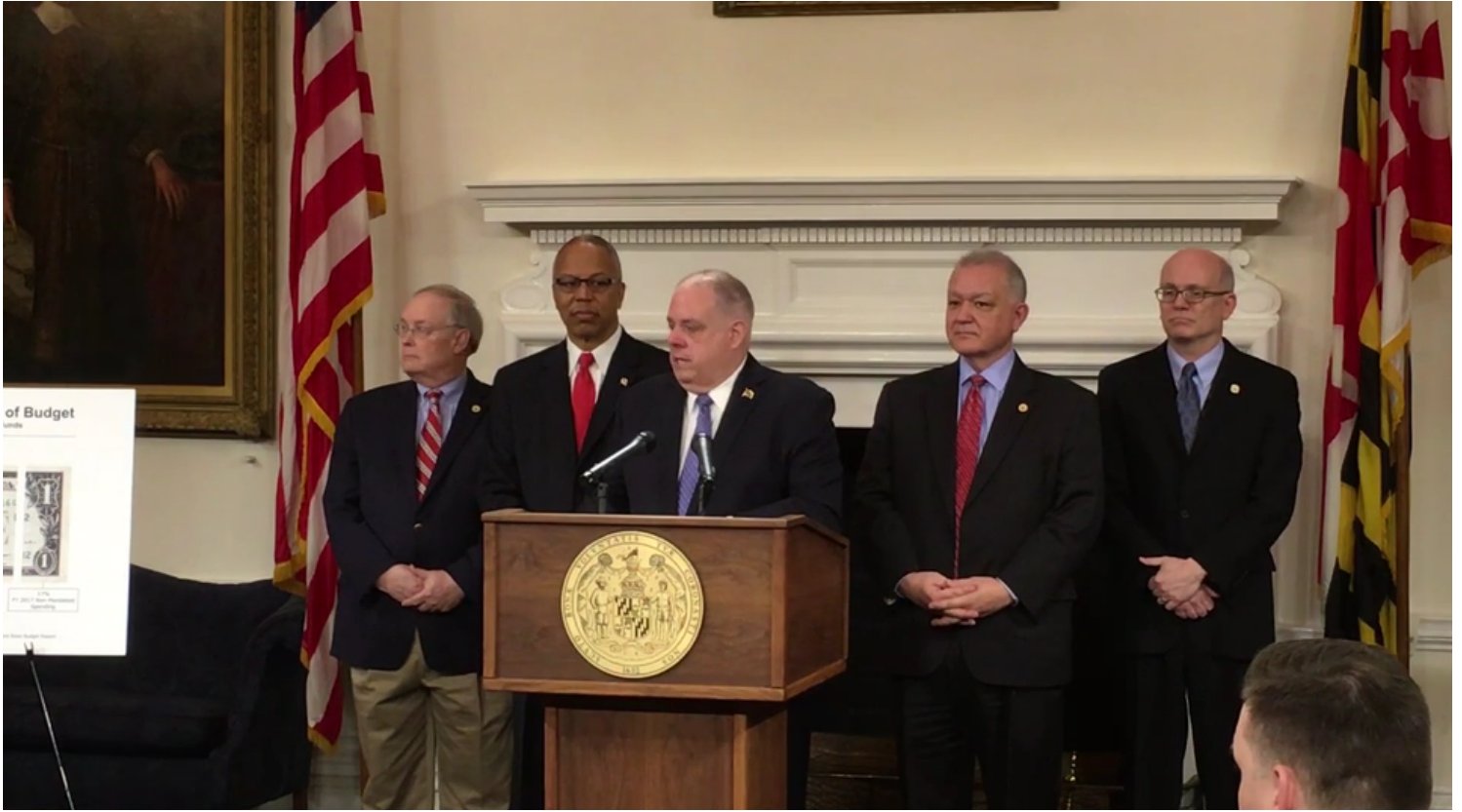


Student debt is the issue



Gov. Larry Hogan outlined a budget that he said reduces spending for next year. (Pamela Wood/Baltimore Sun video)

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Should the children of millionaires pay the same for college as a plumber's kid?

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Given the projected \$500 million gap Gov. **Larry Hogan** had to bridge between state spending and tax revenues in Maryland — and his commitment to not raising taxes to do it — providing extra money for public colleges was surely not an easy call. Yet Mr. Hogan made it last week, and he deserves credit for being willing to invest in one of the state's biggest competitive advantages: its high quality system of public education. He said he will allocate an extra \$17.5 million to cap in-state tuition increases at 2 percent and provide a small tax break for interest paid on student loans.

This is an approach that **Democrats** pioneered — Gov. **Martin O'Malley** made a tuition freeze (and later, caps on tuition increases) one of the centerpieces of his administration — so it's no shock that the chief criticism heard from that side of the aisle so far is that Mr. Hogan's plan isn't enough or that he's a late

arrival to capping higher education costs.

But with all due respect, there's also a shortcoming here that neither Democrats nor **Republicans** in Annapolis seem to appreciate. The chief problem facing Maryland's college-age students and their families isn't the cost of tuition at state schools, per se, it's the high cost of student debt. And while limiting the rising cost of tuition can be helpful in reducing the overall debt load, it's really not the best possible solution as it ignores a fundamental reality: Higher education costs aren't an issue for every family equally.

To put it more simply, college is still affordable to the rich, and there are also numerous scholarships, grants and other forms of direct aid to the very poor. Thus, college debt is a problem felt most acutely by the middle class, families who don't necessarily qualify for financial aid in any form other than student loans that pile up quickly. The result? Students are graduating from schools with enormous debt burdens that will haunt them for many years to come.

Today, Americans owe an estimated \$1.3 trillion in student debt with the average 2016 graduate stuck with more than \$37,000 in loans. Private colleges tend to generate debt at a higher rate, but public schools are not far behind. In Maryland, student debt rose 118 percent between 2004 and 2014, or more than four times the rate of inflation. According to one report, Maryland graduates are 20th in per capita student debt.

All of which suggests that if Maryland can find an extra \$17.5 million to defray public school tuition costs, it ought to be carefully targeted to help those families who need it the most either by reducing debt payments or making it possible for students to borrow less. One of the best approaches we've seen so far is at **Washington College** where President **Sheila C. Bair** has recently taken a multi-pronged approach with programs not only to cap tuition (in four-year increments so incoming students know what's coming) but to match 529 plan investments to reward savers, provide "George's Brigade" scholarships for high-performing, low-income students and invest in an annual "Dam the Debt" campaign to reduce the debt load of the graduating class.

Ms. Bair seeks to reward good behavior and help those who need it most. That's something a one-size-fits-all blanket tuition cap alone doesn't achieve. The children of billionaires benefit equally with the offspring of police officers and firefighters when the increased cost of a college education is underwritten by taxpayers. Of course, it's not difficult to understand why politicians often choose such a route — it's a chance to put their name on a little payout to potential voters and not just the low-income variety.

At one time, tuition at University System of Maryland schools was out of step with their out-of-state peers. That's no longer the case. University of Maryland College Park is ranked as one of the nation's top "value" schools by Kiplinger and others. We are delighted to see that Mr. Hogan is not following the lead

of many of his fellow Republican governors who have reduced investments in higher education in the wake of budget shortfalls, and he has shown an interest in debt as a separate issue — in addition to the tuition cap, he's proposing to make student loan interest payments tax deductible for most Marylanders. But rather than spending so much to cap tuition increases so strictly, wouldn't it be better to make sure students who are most at risk are taking on less debt in the first place? Maryland needs a better educated workforce, and that must include those too affluent to qualify for scholarships but too poor to graduate without a crippling debt burden.

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