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Remove middle man from college loans

What makes sense too often doesn't get done in Washington. Take the issue of federally-backed student loans for college.

President Obama wants to do away with the middle man -- banks and lenders like Sallie Mae -- and have universities and colleges deal directly with students and the federal government. This is how Pell Grants are awarded.

Not so for loans, which banks and Sallie Mae now profit from in most cases. Easy deal. They handle the paperwork, get the interest payments when the loans become due. And if students default on those loans? No problem. The federal government pays the banks, too.

Yet removing the middle man would save the government \$80 billion over 10 years, according to the Congressional Budget Office -- money that would be directed to Pell Grants in part. The rest of the savings would be spent on community colleges and early childhood learning initiatives to better train day-care workers and help the poorest children get a leg up before they start kindergarten.

Surely, Florida is crying out for such reforms, particularly in early-childhood education where state quality-control for day-care workers is less than stellar. With all we know today about the research-based importance of a child's first three years, the move toward more training of childcare workers in an effort to close the achievement gap between rich and poor kids is all the more urgent.

Of course, this makes so much sense that it's now imperiled in the U.S. Senate. The banking lobby and Sallie Mae are crying, Job losses! Government takeover! And senators are buying this red herring?

The estimated 35,000 jobs tied to private loan originators' take would not disappear. Universities and colleges would be able to hire loan-servicing contractors -- in a competitive bidding process (yay, capitalism!) that would track student payments. Those winning contractors would be at risk of losing their contracts if default rates rise.

This same battle was fought more than a decade ago when then-President Bill Clinton pressed for direct loans and was able to get part of the federally-backed college loan program run in that manner. In fact, the direct-loan program has worked better in many ways than the one run by banks, which have tended to tighten credit to good students at a time when a college education is most needed.

This legislation passed the House last fall, with some Republican support, including from Rep. Ileana Ros-Lehtinen, a former teacher who knows a thing or two about the importance of childhood learning initiatives.

If you care about saving \$8 billion from the student-loan program and re-directing that money for other worthy education programs, contact Democratic Sen. Bill Nelson and Republican Sen. George LeMieux.

It would be unconscionable for Florida's two senators to vote against this common-sense proposal.

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