Senators are back to the starting line in their search for a compromise that would reduce interest rates on student loans after being spooked by the $22 billion price tag that accompanied a potential deal.

Lawmakers from both parties had agreed on a tentative proposal that offered Democrats the promise that interest rates would not reach 10 percent and gave Republicans a link between borrowing terms and the financial markets that they sought. But that deal's red ink proved disqualifying and sent them back to square one.

Senators and their top aides, along with White House and Education Department officials, were going to return to negotiations for a deal that would undo the rate increase on subsidized Stafford loans, which doubled from 3.4 percent to 6.8 percent on July 1.

Without congressional action before students return to campus, the increase could mean an extra $2,600 for an average student, according to Congress' Joint Economic Committee.

"We have been working with lawmakers to make that compromise happen. We need to make sure that students don't see their rates double," White House spokesman Jay Carney said Thursday.

The $22 billion cost for the 10-year rate compromise, however, stopped progress in its tracks and sent lawmakers back to the drawing board. The unexpected cost estimate was unlikely to end talks among lawmakers about how they might reduce rates on subsidized Stafford loans but added difficulty to an already tricky timeline.

The cost estimate was described by a congressional aide involved in the negotiations. The aide was not authorized to discuss the proposal by name and insisted on anonymity because the Congressional Budget Office report had not yet been widely released.
Under the plan lawmakers were considering, interest rates on new loans would be based on the 10-year Treasury note, plus an additional percentage to pay for administrative costs. The proposal includes a limit on how high rates could climb, a provision that Democrats insisted be included in any legislation.

That proved unexpectedly costly and, for the moment, proved problematic for negotiators.

Serious work on a compromise came just hours after Democratic-led efforts to restore the 3.4 percent interest rates failed once more to overcome a procedural hurdle in the Senate. After several failures to find a stopgap measure, Democrats abandoned that tactic and instead looked for a way to lower rates for students before their return to campus this fall.

President Barack Obama’s chief of staff, Denis McDonough, and Education Secretary Arne Duncan met with lawmakers Tuesday night to discuss possible options, including the market-based approach Obama included in his budget outline. Democrats insisted they try one last time to restore the 3.4 percent rate.

After that failed, lawmakers turned to a compromise approach and met Wednesday in the office of Sen. Dick Durbin, D-Ill., to discuss the next steps. White House education and budget advisers joined those conversations and helped guide lawmakers to the proposal under consideration.

Democratic Sen. Tom Harkin of Iowa, chairman of the Senate Health, Education, Labor and Pensions Committee, joined negotiations on a potential deal he previously called unacceptable. He secured concessions on rate caps from the main authors of an earlier potential compromise, Sens. Joe Manchin, D-W.Va., Richard Burr, R-N.C., and Angus King, I-Maine.

All said they were willing to tinker with some of the details to make it more acceptable to Harkin and his Democratic allies.

But the tinkering _ particularly the cap on rates while students are in college _ proved costlier than anticipated. Lawmakers from both parties agreed that any compromise could not be laden with red ink.
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Congress may have put the final nail in the coffin of hope for many low- and middle-income students by allowing the interest rate to double on subsidized federal college loans. Rates went up July 1, but the problem has been decades in the making.

The promise of education tantalizes, dangling just out of reach. Get good grades and you can go to college. Maybe not a fancy private university, but good old State U. is often as good as a private university anyway.

Up until the 1980s, that was pretty much true. A state education was well within the reach of most middle-class families. But then middle-class incomes began to sink and states started cutting higher-ed funding.

Based on trends since 1980, average state support for higher education will reach zero by 2059, and sooner in some states, according to Thomas G. Mortenson, a senior scholar at The Pell Institute for the Study of Opportunity in Higher Education.

Writing for the American Council on Education chronicle, Mr. Mortenson said only two states — Wyoming and North Dakota — have maintained their investment levels from 1980. All other states have reduced their support in amounts ranging from 14.8 percent to 69.4 percent. The five states with the highest rates of decline were Colorado, South Carolina, Rhode Island, Arizona and Minnesota.

Missouri is toward the middle of the pack. Mr. Mortenson estimates that based on trends since 2000, Missouri could zero out its support for public higher education by 2036.

It is, he says, “a race to the bottom.”
Inside Higher Ed agrees. A report in that publication from the National Association of State Budget Officers says that states have cut higher-ed spending more sharply than on prisons or Medicaid. College enrollments have grown sharply — got to have a college degree to succeed — and public colleges have shifted costs to students through higher tuition and fees.

A report released Tuesday by the U.S. Department of Education shows that tuition at four-year state schools rose at a faster rate for in-state students than for those from out-of-state for the past three years.

Public college administrators have tried to make up for the loss of state money by recruiting out-of-state students and their higher tuition payments. But that trick is hitting a wall.

Jack Buckley, commissioner of the National Center for Higher Education Statistics, said in the Wall Street Journal on Tuesday: “Out-of-state tuitions are already pretty high. There’s only so much more a school can raise its out-of-state tuition and fees.”

The student loan problem looks a lot like the mortgage industry loan problem of 2008. The Congressional Budget Office estimates that taxpayer losses on student loans will be about $95 billion over the next decade.

Student-loan debt, meanwhile, has nearly tripled since 2004 and is now about $1 trillion. Defaults also are rising on student loans and other types of debt incurred by young borrowers. The impact is huge on these young people as they try to move forward in a shaky job market.

This is all playing out against global pressure to turn out students better prepared to compete for complex jobs. The student debt crisis is forcing young people to put off starting families and making big purchases, such as cars and houses, that drive the economy.

Letting the interest rate double from 3.4 percent to 6.8 percent, as Congress did, is inexplicable, except that it benefits political contributors in the banking industry. If it is allowed to stand, students who enter college in the fall will pay an average of about $4,000 more in loans over the course of a four-year academic career.

On Wednesday, the Senate voted down a Democratic proposal, backed by the White House, that would have extended the lower rate for a year. The plan would have bought time to restructure the student loan system so it doesn’t burst like the housing bubble did.

The nonpartisan Institute for College Access and Success has recommended more than two dozen specific methods to reform and simplify the system. It would tie the rates to the borrowing costs of government, which would keep them low while the student is in college, and then set a fixed rate with a cap when the loan enters repayment.

Maybe bankers wouldn’t see as much money, but that’s OK. The choice between excess profits and the future of the middle class is an easy one.
Confronted by a spate of natural disasters, Missouri Gov. Jay Nixon cut funding for education and stockpiled tax revenues two years ago while committing $150 million to respond to the deadly Joplin tornado and widespread flooding.

As it turns out, most of that money never was spent _ nor needed _ for disaster aid.

Missouri's final tab from a disastrous 2011 totaled a little over $36 million, according to figures compiled for The Associated Press by the state's budget chief. That's merely a quarter of the amount Nixon had committed.

The rest of the money _ about $114 million _ went to other government purposes, though exactly what it was used for is not clear.

"It would have gone into the big budget picture," said Linda Luebbering, the director of Nixon's Division of Budget and Planning.

There was no dollar-for-dollar accounting of the leftover disaster money. The cuts to colleges never specifically were restored. The money simply got absorbed into the pool of general revenues spent on government operations and services during 2012 and 2013, Luebbering said.

That revelation provided an "I-told-you-so" moment for some lawmakers.

"To me, it was an overreach on his part _ nothing illegal or unethical about it _ (but) we thought at the time that the numbers were too high, and it turned out that they are," said House Budget Committee Chairman Rick Stream, a Republican from the St. Louis suburb of Kirkwood.

A Nixon spokesman declined to comment, but Luebbering said even with the benefit of hindsight, the administration wouldn't have done anything differently. She said the state's costs were lower than expected, in part, because insurers and the federal government paid more than initially anticipated.
But Senate Appropriations Committee Chairman Kurt Schaefer said Nixon's $150 million set-aside was “absurd” and a prime example of the Democratic governor’s “budget manipulation practices” that have allowed him to redirect money as he wishes.

"There simply was no objective evidence that there was any reasonable basis to withhold that money," said Schaefer, a Republican from Columbia, the home of the University of Missouri.

The governor was quick to act when disasters struck. In May 2011, he pledged $25 million to help recover from flooding in southern Missouri. Later that month, a tornado killed 161 people and injured hundreds of others in Joplin. Nixon raised his disaster-aid pledge to $50 million while cutting a roughly equal amount of general revenues from education and other state services out of the upcoming budget.

When that new budget began on July 1, 2011, Nixon again raised the state's disaster-aid commitment to $150 million while citing growth in state revenues. At the time, cleanup was ongoing in Joplin and the federal government had declared another disaster because of flooding on the Missouri River.

"At that time, we were just trying to be conservative and make sure that we were prepared to cover it," Luebbering said. "We didn't scientifically come up with the number."

For the Joplin tornado alone, insurers reported losses of over $2 billion, according to the state insurance department, which quit collecting data on the nearly 20,000 insurance claims last October. That's at the upper end of the $1.5 billion to $2 billion of claims that the state insurance department had predicted in July 2011.

The federal government's share of the costs from the 2011 tornadoes and flooding stands at $250 million, compared with $36.4 million for the state and $27.6 million for local entities, according to figures from Nixon's budget office. Other estimates put the federal government's total expenses related the tornadoes and floods at tens of millions of dollars higher.

Of the state's share, just $7.6 million has been paid so far.

Since the disasters, Missouri's finances have improved. The state began a new budget this month with a surplus. Yet the public colleges and universities that lost money in 2011 because of the anticipated disaster costs never specifically had that money restored.

After Nixon's disaster-related budget shuffling in 2011, lawmakers changed the way they write the budget to reduce the governor's flexibility to increase spending or shift money among certain programs.

Stream said he hopes state officials have learned an important budgeting lesson. When disasters strike, officials should realize that the bills won't come in immediately and should place any set-aside money in a special account that can be tracked and budgeted as needed, he said.

"Then it can be used for purposes the Legislature wants to use it for, not the governor's desires or whims," he said.
ST. CHARLES EVENT HELPS LAUNCH UPCOMING SHOW-ME STATE GAMES

July 11, 2013 12:15 am

The Show-Me State Games and Shelter Insurance hosted a Torch Run in Frontier Park on July 9 in preparation for the 2013 Show-Me State Games.

The Show-Me State Games is an Olympic-style sports festival with more than 40 sporting events hosted annually in Columbia, Mo. It is the largest event of its type in the country and this year brought back the Torch Run with the support of Shelter Insurance.

St. Charles was chosen to host a Torch Run event in part because of the large number of Show-Me State Games participants who come from the St. Charles area. A cannon shot from the Milicia de San Carlos signaled the start of the St. Charles leg of the run, which began at Jaycee Stage and ended at the Lewis & Clark Boat House. The event was also highlighted by a welcome from Mayor Sally Faith; an appearance from a previous medaling team from the 2012 Games, the St. Charles Heat; and a ribbon cutting from the Greater St. Charles County Chamber of Commerce.

The 2013 Show-Me State Games will take place July 19-21 and July 26-28 in Columbia.

The torch has been traveling across Missouri during the weeks leading up to the games. Beginning in Springfield on June 25, the torch was in Joplin on June 26 and Lee’s Summit on July 2. On July 19, the torch will be taken from Jefferson City and to Shelter Insurance in Columbia and next reach its final destination, Mizzou Arena, for the opening ceremonies kicking off at 7 p.m.

For more information on the sports offered by the Show-Me State Games, visit www.smsg.org.

The Show-Me STATE GAMES was established in 1985 as a non-profit program of the Governor’s Council on Physical Fitness and Health. Now the largest state games in the nation, the Show-Me State Games is hosted by the University of Missouri. In addition to the summer games, the Show-Me State Games offers events throughout the year to promote health, fitness, family and fun.
College females turn to egg donations to fund school

With tuition fees and interest rates on student loans being as high as they are, some college women are turning to egg donation to help pay for school and loans.

While payment for donated eggs can be high, ranging anywhere from $2,000 to $10,000, depending on the selected method and clinic, the process is lengthy — sometimes taking up to six months to complete. Donors must submit applications before undergoing physical and psychological screenings and intense hormone therapy, involving self-administered shots.

According to the Centers for Disease Control and Prevention, in 2010, the most recent year for which statistics are available, egg donations comprised 12% of assisted reproductive technology procedures, a number steady from 2008 figures.

Jasmine Stein, a Purdue University graduate, donated her eggs last year to escape a financial bind.

After completing the process, Stein published a blog on The Huffington Post, "I Donated My Eggs For The Money, And I Don't Regret It," and, seven months later, says that's still true, despite the hundreds of negative comments she received.

"There's still some stigma around it," Stein says, but she also believes "(egg donation) is becoming more and more of an option" for college-age women.

Another student, Chelsea McDonald, a senior at Texas State University, agrees.

"A lot of people think it's really weird, but I want people to know it's not," says McDonald.

McDonald became a registered egg donor through Reproductive Medicine Associates in San Antonio earlier this year to help pay off college loans, and is waiting to be selected by a recipient so she can finish the donation process.

"I'm doing something for them, and they're doing something for me," McDonald says. "I have eggs that I'm not using, and if I can get paid for them, why not?" She likens the procedure to being compensated for giving blood.

Alex Stewart, a junior at the University of Missouri, donated her eggs in May privately to a couple after seeing their flier outside one of her classrooms on campus.
"Since I don't work during the school year, I thought it would be a great way to pay for some of the things I want to do while I'm in school, like study abroad," said Stewart.

Some agencies, such as Georgia's Reproductive Biology Associates, specifically seek college women. Its website notes that donors "must possess some form of higher education, above the high school level."

Stewart adds that she sees more agencies advertising "help pay for college," and that they may be picking up on the market of young women in school.

With a lump sum of money that large, it's tempting, says Radha Inguva, a senior at American University in Washington, D.C.

After seeing ads on Craigslist and fliers "all over campus", Inguva considered donating her eggs, until the next semester when she started an internship with the National Organization for Women (NOW).

At NOW, Inguva saw a documentary film called Eggsploitation, by The Center for Bioethics and Culture Network, which tells the stories of women who had negative egg donor experiences.

Inguva concedes the film may be biased, but it changed her perspective on egg donation. Now, she doesn't think the risks are worth the ultimate payment.

"I really feel like this is prostitution, because you're giving up a part of your sexual health for money, and that's not right," she says.

Jennifer Lahl, president and founder of The Center for Bioethics and Culture Network, wrote and directed Eggsploitation after women who experienced problems with egg donation reached out to her with their stories.

"The industry doesn't want to hear about (their problems)," says Lahl.

She also believes that the egg donation industry under-represents the frequency of complications, something Stein experienced during her procedure.

Stein was diagnosed with ovarian hyperstimulation syndrome, which can happen when ovaries become too stimulated and fluid builds up around them.

Despite her sickness, Stein still would recommend egg donation to a friend considering it, but she offers one piece of advice.

"Do your research. Ask more questions. I jumped into it."

Eggsploitation will be re-released this September with three additional interviews, and Lahl has no plans to stop speaking out.

"I do think it has become more mainstream," Lahl says. "More women are talking about it," and have friends that have done it.

There also is a lack of research about the women who are donating eggs.
"I think at one point we'll reach a tipping point, where (egg donation will reach) a level of concern where we need to compel studies to be done," says Lahl.