

# **ConnPIRG**

**Standing Up  
To Powerful Interests**

**Testimony of Evan Preston, State Director  
Connecticut Public Interest Research Group (ConnPIRG)**

**To the Higher Education and Employment Committee and the Banking Committee**

**In support of S.B. 950: An Act Enabling the Refinancing of Student Loans**

**And**

**In support of H.B. 6915: An Act Concerning a Student Loan Bill of Rights**

Chairperson Bartolomeo, Chairperson Winfield, Chairperson Willis, Chairperson Lesser, Ranking Member Witkos, Ranking Member Betts, Ranking Member Martin, Ranking Member Simanski and members of the committee, thank you for this opportunity to testify in support of S.B. 950 and H.B. 6915.

Higher education continues to be critical for both individual success and the social and economic health of our state. While college attendance has grown over the past two decades, state appropriations and federal aid have failed to keep pace with the rising cost of college, shifting more costs to students. As a result, more students than ever must rely on student loans to pay for a college degree, with the average borrower nationwide now graduating with over \$26,000 in loan debt.

Heavy student loan debt carries negative consequences for borrowers, who must make monthly payments with their hard-earned dollars rather than save up and get ahead. High debt can affect where graduates live, the kind of careers they pursue, when they start a family or purchase a home, and whether they can save for retirement. The combination of high student debt and low earnings can lead to default, ruined credit and wage garnishment. Such distress runs counter to the goal of higher education. The State of Connecticut has every reason to address the cost of higher education so as to retain talented people in the state and encourage the further education of its residents, taxpayers and workforce members.

Acting to alleviate the debt burden on students and families of students is key to not only protecting Connecticut consumers but also to the health of our entire economy as we seek to retain talent. Providing tools to students and families to help them avoid abusive or disadvantageous educational loan practices in the first place, is another important step toward solving the problem of debt brought on by seeking higher education. For these two reasons, ConnPIRG supports S.B. 950 and H.B. 6915 as these measures would provide immediate and long-term remedies to the problems faced by students and parents.

The means to refinance educational loans is a necessary provision for families and students saddled with untenable loan payments. However, such refinancing will only be truly effective in addressing student and family needs if the terms are not overly limiting, denying refinancing to many applicants. Even if those seeking refinancing do not have the highest credit ratings, they are more likely to be productive workers and financially stable taxpayers if they are able to refinance at an affordable rate. As S.B. 950 is implemented, as we hope it will be, we urge that the terms of the refinancing be broadly inclusive of people with educational loans.

Recent history in the credit market in Connecticut and nationwide has shown the value to consumers of having an independent voice within government which is empowered to directly act on their behalf. An Ombudsman for student loans provides the opportunity for both students and families supporting students to gain that independent voice within government. Establishing a process for receiving and resolving consumer complaints, as H.B. 6915 would do, has proven remarkably effective as a remedy in other similar contexts. Connecticut is fortunate to benefit from the independent advocacy of several offices within the state government and, at the federal level, the Consumer Financial Protection Bureau's authority has already brought back to consumers hundreds of millions of dollars from resolution of abusive and unfair practices. H.B. 6915 would also add the positive measures of educating consumers on their rights and providing the information they need to make informed choices in the market. A better informed consumer of educational loans will help reduce the burden of debt and ease the stress of families trying to determine how to pay for higher education.

ConnPIRG urges all members to support both S.B. 950 and H.B. 6915.

Thank you again for the opportunity to provide testimony.

Sincerely,

Evan Preston, ConnPIRG State Director

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