WRITTEN TESTIMONY SUBMITTED BY NANCY M. SPAGNOLO OF BETHANY CONNECTICUT REGARDING **S.B. No. 950** AN ACT ENABLING THE REFINANCING OF STUDENT LOANS, **H.B. No. 6907** AN ACT CONCERNING THE DUTIES AND AUTHORITY OF THE CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY, **S.B. No. 319** AN ACT CONCERNING FINANCIAL LITERACY EDUCATION, and **H.B. No. 6915** AN ACT CONCERNING A STUDENT LOAN BILL OF RIGHTS BEFORE THE HIGHER EDUCATION AND EMPLOYMENT ADVANCEMENT COMMITTEE AND THE BANKING COMMITTEE ON MARCH 5th, 2015

Dear Chairman Winfield, Chairman Lesser, Chairwoman Bartolomeo, Chairwoman Willis and Members of the Banking and Higher Education and Employment Advancement Committees:

I'm submitting this testimony in support of the four proposed bills - SB 950, HB 6907, SB 319, and HB 6915 - that address the issue of student loan debt.

It can be easy to dismiss calls to address the issue of student debt as simply the whimperings of a few people who weren't as well equipped for the financial responsibility of adulthood as they could have been. That may be easy, but it is, at the very least, very shortsighted. According to a Washington Post article* dated February 19th, 2015, America's total student loan debt is now nearly $1.2 trillion and 11.3% of loans were at least 90 days past due in the forth quarter of 2014. That reflected an increase of 0.2% from the third quarter.

In terms of Connecticut, data from 2013 sited in an article from the Hartford Courant** placed our state in sixth place in average student loan debt and less than $2,800 separated our state from the dubious distinction of being number one on that list. The average debt in Connecticut was, at that time, $30,191.

One of the problems with student loans that makes them so hard to pay back is their high interest rates. The national average rate for a 30-year fixed mortgage*** was 3.65% in January and the average rate for a 15-year fixed mortgage**** was 2.99% according to Freddie Mac. Concrete data is hard to find on rates for student loans, but I know from conversations with my peers and my own experience that rates of 6% and 7% are not at all uncommon. Much less than continuous full-time employment with an employer that pays a healthy wage can lead to an avalanche of added interest and ballooning debt. The ability to refinance would do a lot to combat this problem. Also, since being forewarned is being forearmed, more educational resources for high school students in the area of personal finance can only benefit those who maybe going to college and help them make sound choices.

In closing I would like to point out that, while this is "just a young people's issue" for some, those individuals could not be more incorrect. This is a state issue. It effects too many people too be ignored and there is enough money involved that choosing to overlook it could bring with it financial problems for Connecticut.

Thank you to the Members for their time and consideration.

Nancy M. Spagnolo

Articles Mentioned

* http://www.washingtonpost.com/news/get-there/wp/2015/02/19/americans-are-having-more-trouble-paying-off-their-student-debt-than-their-houses/
** http://www.courant.com/politics/hc-student-debt-connecticut-high-20141113-story.html
*** http://www.freddiemac.com/pmms/pmms30.htm
**** http://www.freddiemac.com/pmms/pmms15.htm