Testimony of Tom Swan

Executive Director of the CT Citizen Action Group (CCAG)

Before the Banks and Higher Education

Committee

In regards to SB 950 AA Enabling the Refinancing of Student Loans and HB 6915 AAC A Student Loan Bill of Rights

March 5 2015

Senator Bartolomeo, Senator Winfield. Representative Willis Representative Lesser, and other members of the Banks and the Higher Education and Employment Advancement Committees, my name is Tom Swan and I am the Executive Director of the Connecticut Citizen Action Group (CCAG). On behalf of CCAG member families I want to thank you for holding this joint hearing today and for raising SB **950 AA Enabling the Refinancing of Student Loans and HB 6915 AAC A Student Loan Bill of Rights.**

These bills are a very good start in addressing the growing crisis of student and family education debt. They will clearly place CT in the forefront of dealing with the epidemic of educational debt and we urge there passage. We also urge the legislature to take a longer term view and address our education needs of the future by moving towards a debt free higher education system. Clearly there are not the resources to accomplish this this year, but our constantly changing economy means that people will likely need access to post-secondary education opportunities throughout their lives and should not have to risk financial ruin to get it.

We also need to keep in mind that student debt is one of only forms of debt that is not eliminated if someone goes bankrupt, except in rare occasions.

Education debt recently surpassed credit cards as the second largest source of debt for American families. CT students face the sixth highest level of debt in the country. In August of last year, CCAG released with the Alliance for a Just Society a report: A Mountain of Debt, which collected stories from current students burdened with high debt loads. This problem is not just about statistics it has real impacts and this reports documents this.

Meanwhile the Federal Government is just beginning to crack down on some of the abusive practices of for-profit colleges and loan servicers.

While there are details to be worked out, SB 950 could be a tremendous step for helping thousands of CT families struggling with high loan repayment. We need to make sure that the terms are not too stringent and also work with borrowers to make sure they are aware of the various federal repayment options for people in public service and that are income contingent

to make sure they get the best terms possible. A very positive aspect of this program is the assistance provided to families. These loans are often private loans with higher rates and that offer fewer protections. I cannot tell you how many baby boomers that I talk with who are burdened with debt they took out to help their children go to college and are worried about how they afford to pay it while approaching retirement age.

HB 6915 AAC A Student Loan Bill of Rights is a really smart proposal that again can help thousands of CT families better understand their options and rights in navigating student loan options. We envision this being like the successful Health Care Advocate Office and providing a service for high school counselors, financial aid offices, parents, students, and policymakers. In talking with peers throughout the country they are already looking to advance similar proposals. We urge you to make sure that the powers of the office are broad enough to cover servicers, for-profit predatory colleges, etc.

Thank you very much.