

# State Vocational Federation of Teachers

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Testimony of Ed Leavy  
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**Proposed Bill 7212: AN ACT CONCERNING THE  
PROMOTION OF LOAN FORGIVENESS PROGRAMS**  
Committee on Higher Education and Employment Advancement  
March 9, 2017

Chairpersons Bye, Linares, and Haddad, and members of the Committee:

As President of the State Vocational Federation of Teachers, I represent the 1200 educators in the Connecticut Technical School System. Many of our new teachers join our system saddled with significant levels of student debt. Those teachers may be paying \$700 or more monthly to pay off their loans; several have taken second jobs just to address this bill. New teachers need the time to concentrate on mastering their profession and developing lessons; they should not be taking extra jobs to pay off loans. Student loan debt dramatically changes the life of people who simply wanted to build productive lives by gaining the education necessary for good-paying jobs.

Most of the testimonies you are being provided are the personal stories of people dealing with student debt. These stories are striking, but so are the statistics behind the stories. Jobs with Justice produced a well-documented study on student debt. As of the most recent statistics in 2013, over 40 million people are in debt to the Department of Education. The Department's profits off these loans in 2013 were \$41.3 billion, which would have made it the third most profitable company in the world behind only Apple and Exxon Mobile. While profits for the Department soar, families suffer. One in five households holds education debt. The default rate on student loans grows every year, and the number of people at least 90 days behind on their loans is nearing 10%. Half of all debt holders cannot make their payments on time. Student loans are destroying people's credit, making it harder for them to buy houses and cars. Between the loss of credit and the money used to pay for loans and thus taken out of circulation, the impact on Connecticut's economy is huge.

Many of these problems are unnecessary. The federal government offers income-driven repayment plans which allow people to repay their loans based on what they make, not what they owe. These programs greatly reduce the personal stress and economic impact of student debt, yet they are terribly under-utilized. Under 3% of those people eligible for the program are enrolled, because information about the program is difficult to find. A much lower percentage is enrolled in Public Sector loan forgiveness, which allows public sector employees to have their loans forgiven after ten years of on-time payments. The programs are underutilized because the banks that administer student loans make sure no one knows about them. They have no financial incentive

to help people shorten their loans and reduce their interest rates. They are happy to collect their \$700 or \$800 a month for 25 or more years.

House Bill 7212 is a much-needed solution to this problem. It creates the designation of a Student Loan Ombudsman who will create and distribute information to increase awareness of various loan forgiveness programs. Many teachers have told me they are not eligible for loan forgiveness or income-driven repayment plans; the information, which they received from their loan providers, was simply incorrect. House Bill 7212 will clarify the process and the qualifications for these programs, and thus create opportunities for relief for thousands of Connecticut residents. This bill is a common-sense, cost-effective step in solving our student-debt crisis. It will bring relief to our citizens and bring money back into our economy. It is the right thing to do.

Thank you.