

House Education and Labor Committee Members' Hearing

Rayburn 2175

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Five Minute Testimony

Introduction

Chairman Scott and Ranking Member Foxx, thank you for scheduling this hearing. While this committee has jurisdiction over numerous issues of importance to my district, I will today focus on two: student loan forgiveness and the for-profit college industry.

I testify before you today as someone who has long advocated for a public education system which is accessible, affordable, and equitable. Young people are sold on a simple version of this system, in which students, of any color and economic background, attend class in a room furnished with every necessary educational resource and tool, receive quality instruction from a dedicated and well-compensated teacher, work hard, and learn the skills and knowledge necessary to obtain gainful employment after graduation.

This is the dream millennials and young people were sold. I now fear they were sold a lie.

The ability to pay one's way through college, once a hallmark of the self-sufficient hard-working student, is now an unattainable myth. The price of college has increased nearly 400 percent over the last three decades. Rising tuition leads to a dramatic and corresponding increase in student loan debt, which now totals about \$1.5 trillion. This is \$500 billion more than the nation's credit card debt.

Perhaps if students were able to procure a job within their field of study, then such financial burdens would be worth the sacrifice. For thousands of young people, including most especially those who attended a for-profit college, the notion of obtaining employment after graduation is yet another broken promise.

Millennials were promised jobs, careers, and the ability to provide for themselves and their families. They were lied to, and Congress now has a responsibility to address two of the primary reasons these promises never materialized: student loan debt and the for-profit college industry's fraudulent practices.

Student Loan Forgiveness

I urge the Committee to protect and expand student loan forgiveness programs, such as the Public Service Loan Forgiveness program and forgiveness tied to borrower participation in income-based repayment plans.

Statistics regarding millennial student loan debt show a clear and present crisis. The average millennial with student debt has 75 percent less net worth than those who are debt free, and 46 percent less in their savings and checking accounts.¹ The average debt load per borrower, adjusted for inflation, has increased 30 percent since 2001.²

Over one third of millennials say they have delayed purchasing a home because of student loan debt, 30 percent say they cannot yet afford to save for retirement, and 16 percent have put off having children.³

This debt is not distributed equitably, either. Those from the poorest communities statistically take on the most debt, and women hold about two-thirds of all student loan debt.⁴

Forgiving all student debt owned by the federal government would increase the gross domestic product by at least \$86 billion per year, and add at minimum 1.2 million jobs.⁵ Congress must boldly attack the student debt crisis by protecting loan forgiveness programs.

¹ <https://studentloanhero.com/featured/study-student-debt-can-kill-millennials-net-worth/>

² <https://trends.collegeboard.org/student-aid/figures-tables/cumulative-debt-bachelor-degree-recipients-four-year-institutions-over-time>

³ https://www.washingtonpost.com/opinions/americans-are-drowning-in-student-loan-debt-the-us-should-forgive-all-of-it/2018/06/19/82565218-7314-11e8-9780-b1dd6a09b549_story.html?utm_term=.cc39437f1163

⁴ <http://fortune.com/2018/06/05/women-student-loan-debt/>

⁵ According to a February 2018 student by the Levy Institute, a nonpartisan, nonprofit think tank associated with Bard College. Found at http://www.levyinstitute.org/pubs/rpr_2_6.pdf.

For-Profit College Regulation

For-profit colleges greatly contribute to the student debt crisis. This industry continues to receive federal funds despite destroying or disrupting the lives of millions of Americans, and I have personally witnessed the effects of their abuse in my own district.

In 1992, legislation I introduced limited the amount of federal funds for-profit colleges could receive to 85 percent of their total revenue, leaving 15 percent of their profits to be raised through other, non-federal means. This law was later amended to the current 90/10 rule.

In 2011, I first proposed closing a loophole which categorizes veterans' education benefits as a non-federal source of funding. This loophole allows the for-profit college industry to enroll veterans for their G.I. benefits and tuition assistance without counting against the cap limiting the amount of revenue they may receive from federal funding to 90 percent.

I will soon introduce legislation which will both restore the original 85/15 rule, and count veterans' education benefits as federal funds. Both changes are long overdue, and I urge the committee to incorporate both policies into the Higher Education Act.

Conclusion

Thank you for the opportunity to testify. I yield back the balance of my time.