



HOUSE OF REPRESENTATIVES

HJM 19

Chief Sponsor: Rep. Gorsek, Rep. Gallegos

House Committee on Higher Education and Workforce Development
Public Hearing June 5, 2013
8:30 a.m., Hearing Room D

Good morning Chair Dembrow and Members of the Committee. For the record, I'm Chris Gorsek, State Representative for House District 49, which includes the cities of Troutdale, Wood Village, Fairview and Gresham.

I'm glad to be here this morning to speak in support of House Joint Memorial 19. This memorial calls on Congress to support Senator Elizabeth Warren's *Bank on Students Loan Fairness Act*, S. 897. On July 1, 2013, the interest rate on federal subsidized Stafford loans is set to increase from 3.4 to 6.8 percent. If this were to occur, millions of college students would see the cost of their student loans rise.

S. 897 would prevent these rates from doubling and for one year, would lower them to .75 percent, the same rate that big banks are able to get from the Federal Reserve discount window. This one year plan, would give Congress and the White House time to work for long term solution to the student debt crisis. While the Federal Reserve would make funds for the student loans available to the Department of Education, the DOE would continue to administer the loan as it does now.

We have a student debt crisis in this country and we need to fix it. Outstanding student debt is now more than \$1 trillion dollars and earlier this year, the Federal Reserve identified this mounting debt as a risk to household spending. Not only is rapidly increasing student debt delaying the purchasing of cars and homes, delaying the economic recovery, it is preventing students from beginning to save for retirement. This not only creates an immediate crisis, but a future crisis as well.

We need to ask where our priorities are. The federal government is forecast to make a \$51 billion dollar profit this year from student borrowers. This is a sum greater than the earnings of the nation's most profitable companies and equal to the combined net income of the four largest U.S. banks by assets. In fact, compared to a benchmark interest rate – what the government pays to borrow money for 10 years – students have never paid more.

When the government pushes students to go to college, it has a responsibility to not take advantage of those students.

Thank you very much for the opportunity to testify today.

