

Testimony on Student Debt
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My name is DeEtte Waleed and I'm here today to tell you some stories about problems with student debt. I am an adjunct professor at Portland State University. My students are mostly seniors getting ready to graduate and living in fear of having tens of thousands of dollars of debt and not being able to get jobs in order to repay it. Two of my daughters in their forties and 2 granddaughters in their twenties are all students struggling to get an education and support their families at the same time. Student debt has at least 2 generations of our children in its grip and won't let go.

A friend of mine graduated with a bachelor's degree after the age of 50. She works in alcohol and drug treatment. The only way she will ever make more or get advancement in her field is to go back to school for a Masters. But she has a hard time paying on her current loans. She simply can't afford to take out more loans for more education. So just a few years after graduation she has reached the ceiling of her employment advancement because of student debt.

When this friend started paying back her loans no one explained to her that she had separate loans that were from separate creditors. She thought that her payments of up to \$465 per month were covering the payments due. They weren't. After about 3 months she figured out the problem through the help of the federal Education Ombudsman. But already the creditors were phoning her as many as 3 times a day with robocalls. Even after the Ombudsman helped settle the situation, the calls continued. They kept alleging past due amounts as little as \$60 but escalating to hundreds. The banks add fines and late fees and continually increase what they say is owed and the borrower has no way to contest these charges. Each time she refused to return the robocall, she was reported to the credit reporting bureaus as delinquent. Her credit has been destroyed. She states that the collectors for student loans are worse than the loan sharks because they have the power to add fees students haven't agreed to and don't have to explain themselves.

My daughters and granddaughters are still struggling to get degrees. But when they graduate they will have tens of thousands of dollars of debt and very few jobs available. The banks who own their loans have the right to escalate the interest rates and compound the interest. Even if they are allowed to postpone payment on their loans, the interest continues to escalate and compound even before they can begin to make payments. Many graduates have found that they owe 4 or 5 times the amounts they borrowed.

The whole problem of student debt is escalating exponentially. Students can't get professional level jobs because of the bad economy. The cost of education jumps every year, leading to more reliance on loans. Colleges and Universities give out loans without explaining the consequences to the students. Students are caught in the middle. I won't bore you with my tales of "the good old days"; I'll just say that interest rates were low for previous generations and the collection practices were much more humane. A huge part of the problem is that we have let the banks make profits from collection of student loans rather than having their practices regulated.

HB 2838 would be a great gift to give to our children and grandchildren. It would allow them to complete their educations debt free and begin being productive citizens. It would also be a boost to Oregon's economy. All the money that now goes into the pockets of Wall Street banksters could flow into the economy of Oregon.

Students and their families – which includes many of us – need you to take a close look at the whole industry of student debt and collections. Generations of our young people are suffering under massive debt instead of being allowed to begin their professional lives with hope and confidence. Please take the steps necessary to begin to solve this problem.