

KARIN POWER
STATE REPRESENTATIVE

DISTRICT 41
MULTNOMAH AND CLACKAMAS COUNTIES



March 28, 2017

HOUSE OF REPRESENTATIVES

Chair Reardon and members of the committee,

My parents are strong believers in the value of education. Our family experienced hardship along the way, however, when my mom became permanently disabled when I was young. Money was always tight, but nonetheless, they encouraged me and my sisters to go to the best school we could get into.

Between financial aid and loans, I was able to graduate from a private college with a debt level of less than \$25,000. I went on to become the first in my family to go to law school, but I began school a month before the recession hit. My wife couldn't find full time teaching work, and I had to take out the full cost of law school tuition and living expenses in federal student loans. I graduated in May 2011 with just under \$200,000 in debt. My parents have never been able to financially assist me with my law school education - they could not afford the plane ticket to come see me graduate from Lewis and Clark.

Today, the interest rates on 17 of my 18 different federal student loans stand at above 7%. With the high interest on my principal balance that continued to accrue while I was in school, and later, capitalized and added to the principal, my total loan balance has grown by 25% since graduation. Between my and my wife's collective undergraduate and graduate student loan payments and my bar study loan payment, our total monthly student loan payment often comprises more than 25% of our take home pay.

I believe we're at a crossroads in our country. A 2016 Georgetown University Center on Education and the Workforce study found that 99% of post-Recession jobs have gone to those with a college degree.¹ If we want a more educated, fiscally stable, and skilled workforce in the U.S., these dramatic costs cannot endure.

While much is written about these substantial debt loads, not enough attention is paid to reforming the process of repayment. Outstanding student debt now totals some 1.4 trillion dollars. But surprisingly, "borrowers with the smallest debts are most likely to default. Of those borrowing under \$5,000 for college, 34 percent end up in default."² Defaults lead to wage garnishment and ruined credit, and now under the Trump administration, certain types of loan defaults could be hit with fees as high as 16%.

Think about what our state could look like if Oregon had our own debt repayment program that allowed people to dig back out from underneath college debt, or to refinance their debt at more reasonable interest rates. Think, too, of how Oregonians could further support their local communities with those saved dollars. As an elected official in a city where some 75% of the high school's students are on reduced lunch and where 50% go on to community college, I ask you to stand up for those of us who need pathways to more affordable loans, and to vote yes on this bill.

Sincerely,

Representative Karin Power

¹ <https://cew.georgetown.edu/americas-divided-recovery-college-haves-and-have-nots-coverage-by-report/>

² https://www.nytimes.com/2015/09/01/upshot/why-students-with-smallest-debts-need-the-greatest-help.html?_r=0

