



HOUSE OF REPRESENTATIVES

Chair Prozanski, Vice Chair Thatcher, and members of the committee,

For the record, my name is Karin Power and I represent House District 41. It's an immense honor to be working on this bill with our Attorney General and our colleagues.

There are 44.2 million Americans with student loan debt. In 2018, student loan debt was "the second highest consumer debt category – behind only mortgage debt – and higher than both credit cards and auto loans."¹

In Oregon alone, outstanding student loan debt has surpassed \$18 billion.² The magnitude of this debt is a huge problem, but equally problematic are the tactics that some student loan servicers use to collect payment and inform borrowers of their options. These companies are largely unregulated, which leaves students in our state vulnerable to deceptive or misleading collection tactics. I believe you'll hear from some of these students today.

My parents are strong believers in the importance of education. However, our family experienced hardship along the way when my mom became permanently disabled when I was very young. Money was always tight, but they encouraged me and my sisters to go to the best school that we could. For me, that meant a women's college in Massachusetts. Between financial aid and loans I was able to graduate with an affordable debt level. I went on to become the first in my family to go to law school, but I began school a few weeks before the Great Recession hit. My family could not help me with financial aid, so I took out the full cost of law school tuition and living expenses in federal student loans.

After graduation, I was a few years into my 10 year repayment plan when a really nice customer service guy mentioned that several of my loans hadn't been consolidated when I graduated law school. Though I'd been making payments, they would not qualify for public loan forgiveness. I'm a lawyer, had read everything, had a spreadsheet about my loans, and somehow I'd missed this in the fine print. If I opted to consolidate them so they'd be eligible, all accrued interest would capitalize. I wasn't left with much of an option. Most graduate loans also begin accruing interest immediately upon disbursement, even if it's years before you'll graduate. Between the deferred consolidation, and later, when interest again capitalized when I entered the Revised Income Based Repayment program, my total loan balance has grown by 25%. The interest rates on 17 of my 18 different federal student loans stand at above 7%.

¹ <https://www.forbes.com/sites/zackfriedman/2018/06/13/student-loan-debt-statistics-2018/#18e481347310>

² Total outstanding student loan debt balance is from the CFPB's analysis of State Level Household Debt Statistics 1999-2016, Federal Reserve Bank of New York, May 2017



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To underscore the difficulty in getting consistent and accurate information from some lenders, closing on our home in 2016 involved several hours of me being on a three-way conference call during my friend's wedding weekend in Philadelphia. My mortgage lender had been trying for weeks to get someone at FedLoan to send the paperwork we needed, and had finally tracked down a high level FedLoan customer service representative. It almost cost us our closing.

Despite all of this, I am lucky that I was able to cover the cost of my tuition and living expenses with federal loans (with the exception of my bar study loan). So many students are forced to borrow from private, and potentially predatory, lenders to pursue higher education – in 2017, 15% of student loan debt for graduating seniors was from private lenders, and interest rates for private loans ran as high as 14.24% in September 2018.³

I believe we're at a crossroads in our country. Too many students who start school cannot afford to graduate, and too many have crushing debt loans for entry and mid-level jobs. In turn, my generation now has difficulty affording mortgage payments, children, and sometimes, to even get married. Our parents and grandparents have co-signed for loans because we've been too young to have credit, and get caught up in student loan debt at a time that they need all the resources they have for their retirement years. If we want a more highly educated, fiscally stable, and skilled workforce in the U.S., these dramatic costs cannot endure. Today, I am proud to be part of the coalition working toward a small, but important step in supporting Oregonians navigating the student loan crisis.

Thank you for your consideration.

³ <https://studentloanhero.com/student-loan-debt-statistics/>

