STATE REPRESENTATIVE
CORY MASON
WISCONSIN STATE ASSEMBLY
66TH ASSEMBLY DISTRICT
REPRESENTING THE RACINE COMMUNITY

To: Assembly Committee on Colleges & Universities
From: State Representative Cory Mason
Re: Support of Assembly Bill 498, the Higher Ed, Lower Debt Bill
Date: February 10, 2014

Representative Nass and members of the Committee, thank you for holding today's hearing on the Higher Ed, Lower Debt bill.

I authored this legislation to provide an innovative solution to the growing problem of student debt. Ensuring that all Wisconsin residents can afford education at one of our state's fine institutions of higher learning has long been one of my central priorities. In the past, I have repeatedly tried to address college affordability by attempting to increase funding for Wisconsin's Higher Education Grants (WHEG), Wisconsin's only form of state-funded higher education financial aid. Every year, tens of thousands of eligible students across Wisconsin are placed on waitlists for WHEG funding. Unfortunately, my efforts to reduce the costs of higher education by fully funding WHEG have been unsuccessful and my WHEG funding motions and bills have been rejected on party-line votes.

While I will continue to support efforts to increase access to higher education for all Wisconsin residents, including ending WHEG waitslists, it is clear to me that a new approach is necessary.

The Higher Ed, Lower Debt bill represents an innovative and unique approach to transforming the cost of higher education and revitalizing Wisconsin's economy by helping the more than 753,000 Wisconsin residents who are drowning under the weight of their student loans. If enacted, this legislation will make Wisconsin a national leader in tackling the student debt crisis and providing real relief to the hundreds of thousands of Wisconsin residents whose financial decisions are greatly constricted by the reality of hundreds of dollars per month – month after month after month – vanishing into the sinkhole of student loan payments. Particularly since we are faced with a Congress that remains unable to function productively to address this or other issues, it is more important than ever that Wisconsin lead the way.

This bill appeals to conservative sensibilities. The bill takes a free market approach that will allow college students to have access to the best available information about student loan rates and lenders, to fully understand loan terms and consequences, and to make smart financial decisions as they pay for their educations. The bill allows Wisconsin residents who are long finished with their education, but not finished paying for it, to refinance their loans at better market rates and reinvest those savings into their families, their homes, and our economy more broadly.

In addition, the bill expands upon Wisconsin's current tax deduction for tuition expenses to allow for the deduction of student loan payments. The nonpartisan Legislative Fiscal Bureau estimates that this provision alone would allow student loan borrowers to realize tax savings of $179 for a typical borrower to as much as $561 for an individual or $1,062 for a married couple where both individuals are paying off loans. Instead of putting money into higher education grants, this bill expands a popular tax deduction and provides real relief for Wisconsin's middle class.

It is abundantly clear that this bill will be a powerful tool for those Wisconsin residents just beginning their higher education journeys, as well as for those residents and families who have obtained their educations but still face years, even decades, of student loan payments. The Higher Ed, Lower Debt bill will arm Wisconsin's student loan borrowers with the best available information and consumer protections, put money back into Wisconsin residents' pockets, and put money back into our state's economy.

Since introducing this bill, I have heard from numerous constituents and other Wisconsin residents who have shared their stories about how the student loan crisis is impacting their lives. A senior citizen in my district called to support this bill because her granddaughter has more than $40,000 in student loans and can't refinance them from their 8.25% interest rates. A 24-year old in Racine who is about to graduate from college contacted me to support this bill, saying that if he and others could refinance their loans, and maybe even pay them off more quickly, it would change his standard of living dramatically. He could even think about buying a home. A young woman working for low wages at a Racine nonprofit organization shared her story of how she cannot keep up with her private loans, and has no way to defer or refinance them.

There are hundreds of thousands of other stories like this, echoing this call for a new, creative, unique apporach to the student loan crisis. The Higher Ed, Lower Debt bill is exactly that sort of comprehensive, innovative approach. I am pleased that every single Democratic legislator signed on as a co-author of this bill. It is my hope that today's hearing will lead to bipartisan support for this legislation and that we can move forward collaboratively and quickly to advance this legislation.

Thank you.

WISCONSIN STATE SENATE
DAVE HANSEN
SENATOR – 30TH DISTRICT
State Capitol P.O. Box 7882 Madison, Wisconsin 53707-7882 Phone: (608) 266-5670

TESTIMONY: AB-498
Higher Ed, Lower Debt
2/10/14

I want to begin by thanking Sen. Harsdorf and the members of this committee for agreeing to hold a hearing on Senate Bill 376, The Higher Ed, Lower Debt Bill. This bill is a proposal to help thousands of Wisconsin residents cope with the soaring costs of student loan debt.

This is a problem which affects millions across the entire nation--- and another one which Congress seems unable or unwilling to cope with. So I have joined with Rep. Cory Mason to draft legislation at the state level which will at least help out residents of Wisconsin.

This legislation seeks to ease the financial burden on hundreds of thousands of Wisconsin citizens who have incurred debt for trying to do right thing: paying for additional education or job training in order to pursue the American Dream.

These are responsible citizens who are willing to meet their obligations. They are not asking for a handout, they are just seeking some relief and the ability to refinance

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student loans the same way they would try to refinance an auto loan or a home mortgage.

Our economy is still recovering from the worst economic downturn since the Great Depression. There are thousands of young families struggling to make ends meet while they wait for the job situation to improve. These are not deadbeats, these are industrious individuals who incurred debt attending school when the economy was in better shape and there was the promise of more jobs available after their education was complete.

The numbers are staggering. As a nation we now have over one trillion dollars in student debt. In Wisconsin alone, it is estimated that there are 753,000 residents with an average student loan debt of $27,000. That is over $20 billion in student loan debt—much of it interest. Helping lower their interest rates by allowing them to refinance their loans means millions—possibly billions of dollars that could be better spent new on cars, new homes and other goods and services in our communities.

This plan does not offer giveaways and will not be seeking huge amounts of GPR revenue to fund it. It will offer refinancing in a "pay as you go plan." The Wisconsin Student Loan Refinancing Authority will have bonding authority to issue bonds to allow them to refinance student loans as the money is raised and there is demand for loans.

It should be emphasized that this legislation would provide a terrific incentive for college graduates to remain in Wisconsin. This bill would promote "Brain Gain" as opposed to the "Brain Drain."

During the course of any legislative session we all see proposals to try and keep our highly educated young people in this state instead of pursuing job opportunities elsewhere. Helping them to pay back their student loans would go a long ways towards achieving this.

It will also expand the state income tax deduction for higher education tuition expenses to include student loan payments and not just the interest. This change alone will provide relief for thousands of state residents. Rep. Mason can speak in greater detail to that aspect of the bill.

Since we introduced this bill last fall, my office has been contacted by a growing number of people interested in this legislation. Clearly there are many people throughout this state who are struggling to pay their debt. They aren't seeking to walk away from their obligations, they just want some help along the way—the same type of help that people who refinance their home or auto loans receive.

College of Menominee Nation

Feb. 10, 2014

TO: Committee on Universities and Technical Colleges

FROM: S. Verna Fowler, Ph.D., President,
College of Menominee Nation

RE: Assembly Bill 498

Good (morning/afternoon), members of the Committee and the Assembly, ladies and gentlemen. I am Dr. Verna Fowler, President of the College of Menominee Nation, an accredited and federally-recognized Tribal College. The College's flagship campus is located in Keshena on the Menominee Reservation. Its regional campus is in the Green Bay metropolitan area.

I welcome this opportunity to address you on Assembly Bill 498, specifically as it relates to the aspects of student loan transparency and counseling.

The crisis of higher education debt is of great concern at the College of Menominee Nation. The majority of American Indian and non-Indian students who we serve live in one of the most economically-depressed regions of Wisconsin.

Menominee County, which includes the Menominee Indian Reservation and the College of Menominee Nation, has the unhappy distinction of continually ranking Number 72 among Wisconsin's 72 counties on almost every quality-of-life measure. This includes chronic unemployment, families in poverty, catastrophic disease, and low levels of educational attainment.

At the College, we truly believe that education provides the best road to addressing the issues of economic development and is the only answer to generational poverty.

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P.O. Box 1179
Keshena, WI 54135
Phone
715.799.5600
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Green Bay/Oneida Campus
2733 S. Ridge Road
Green Bay, WI 54304
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Web
www.menominee.edu

We also believe that substantial educational debt is a roadblock to economic development for communities such as ours and a death knell to future financial security for individual students such as ours.

As a Community College, my institution focuses on regional recruitment. Sixty percent of our students are American Indian. Forty percent are non-Indian students from neighboring communities. Almost all are Wisconsin residents. Almost all will remain here after graduation. Their economic prospects and their financial debt levels are of more than passing concern.

As a Tribal College, CMN does not fall under State jurisdiction, but chooses to be a partner in Wisconsin's higher education community. As a partner, the College of Menominee Nation participates fully with regulatory legislation, so Bills such as AB 498 are of great interest to us.

In closing, I would like you to know that at the College of Menominee Nation we educate all of our students – including the 40% who are non-Indian – without the benefit of State tax dollars beyond an extremely limited exception. That exception is the handful of students – less than 1% of our student body – who receive teaching and nursing State loans. For the vast majority of our students, we find ways to avoid the oppressive educational debt that too often comes with Federal and private loans.

Thank you for this opportunity to share my thoughts and for the Legislature's interest in full disclosure and wise counsel on student loans. If you have questions or would like to know more about the College of Menominee Nation, please do not hesitate to call me or arrange a visit.

State of Wisconsin
Higher Educational Aids Board

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Scott Walker
Governor

John Reinemann
Executive Secretary

TO: Members, Assembly Committee on Colleges and Universities

FROM: John Reinemann, HEAB Executive Secretary

RE: HEAB input for information on AB 498

DATE: February 10, 2014

I write in regard to AB 498, which receives a public hearing today in your committee. HEAB appears today for information only on AB 498.

AB 498 would create a refinancing entity to be known as the Wisconsin Student Loan Refinancing Authority (WSLRA) within state government. The mission of WSLRA would be to provide opportunity for state residents to refinance debt from student loans.

WSLRA would be separate and independent from HEAB and would have its own Board. In this respect it would be similar to HEAB, which is a freestanding state agency supervised by a Board. The HEAB Board is a gubernatorially-appointed body with policy making and regulatory responsibilities.

Comparisons between the HEAB Board and the proposed WSLRA Board:

- The HEAB Board consists of eleven members, three of whom are students; all are appointed by the Governor, often upon recommendation from the academic sectors. HEAB Board members represent the four academic sectors HEAB works with: The UW System, the Technical College System, the private nonprofit colleges in Wisconsin (the "WAICU" sector) and the tribal colleges. The three largest sectors are each represented by a financial aid professional and an administrator, a regent, or a member of a college's board.

- Under AB 498 the WSLRA Board would consist of nine members. Four would be legislators and would be appointed by legislative leadership; the remaining five would be gubernatorial appointees. Of the five, three would be students. This leaves two WSLRA board members who would have "at least 10 years experience in making qualified education loans or loan refinancing" (per AB 498).

- The HEAB Board includes an ex-officio member, a representative of the state's Tribal Colleges. This ex-officio position on the HEAB Board is non-statutory and was established by action of the HEAB Board within the last ten years. AB 498 is silent about such a board member for WSLRA; presumably the WSLRA Board could appoint a similar ex-officio member.

- Like the HEAB Board, the WSLRA Board would choose its own chairperson.

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Comparisons between the two agencies (HEAB and WSLRA):

- The two agencies would have agency-heads selected by different methods. HEAB's agency head (the Executive Secretary) is appointed by the Governor; under AB 498 WSLRA would be headed by an agency head (a chief executive officer) who would be appointed by the WSLRA Board.

- Under the bill WSLRA would be empowered to issue bonds; HEAB has no such power.

- Under AB 498 the WSLRA would be audited biennially by the Legislative Audit Bureau, which would report to the Legislature on the finding of the audit. WSLRA would also make an annual report to the legislature. HEAB is currently audited every three years by the Department of Administration, and provides a biennial report to the legislature.

- Additionally, several of HEAB's individual programs are the subject of separate annual reports to the legislature. HEAB also prepares two significant annual reports to its board: the Status of Applicants and Programs (by school year) and Wisconsin State Student Financial Aid Data (by school year). These reports are available on our web site, www.heab.wi.gov.

An important observation about the debt to be issued by WSLRA:

- AB 498 provides that loans issued by WSLRA would not dischargeable in bankruptcy. This provision is consistent with current treatment for most student debt, including HEAB loans. The status in bankruptcy of student debt is an important policy point in discussions of debt problems.

Duties of HEAB under AB 498:

- AB 498 would create a requirement that the Wisconsin Department of Financial Institutions (DFI) to compile data related to private student loans for the purpose of comparing private lending institutions' student loan interest rates and repayment plans. HEAB would be required to provide a link to this information on our web site.

- AB 498 would require HEAB to prepare an annual report for the Joint Committee on Finance on student indebtedness in Wisconsin. This is distinct from the report HEAB now produces on student financial aid data, which includes measures of student financial need.

  HEAB anticipates no significant problem collecting and reporting this data because much of the data is already available to some degree and some new data would be reported directly to HEAB.

  It should be pointed out that AB 498 would require that this information be reported by HEAB by specific institution; HEAB's ability to aggregate and report that data would be dependent on the ability of the colleges and universities in the state to collect the information and report it to us.

- HEAB's fiscal note on AB 498 reports our conclusion that the reporting requirements made on HEAB in the bill would necessitate an additional 0.25 FTE position on our staff. Costs for such a position are estimated at almost $14,000 annually.

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Two provisions of AB 498 would place requirements on colleges and universities in Wisconsin as they deal with students and families:

- AB 498 would require the colleges in the state to provide information to students and their families regarding the cost of attendance at their institutions, as well as information about financing options and figures for indebtedness incurred by students at the institution.
- AB 498 would require financial counseling be provided to students and their families before they enter a financial arrangement with a lender and upon the student's departure from the school.

Some of this information and counseling would be newly required and it would be specific to each institution and each loan. HEAB would not be administering these provisions and cannot comment on the ease or ability of schools to provide these services.

AB 498 would also change state income tax law regarding the current individual income tax subtraction for amounts paid by a claimant for tuition expenses and mandatory student fees. HEAB does not administer the income tax but we note that:

- The proposal in the bill would make the tax provision more generous for students and families with higher incomes. Currently the subtraction begins to be phased-out (scaled back) at incomes as low as $40,000 for some taxpayers; SB 376 would eliminate the phase-out for all taxpayers effective with tax years beginning after 2013, providing the full subtraction from taxable income for all taxpayers.
- Section 39 of SB 376 would expand the definition of "tuition expenses" used to calculate the income tax provision. The bill would include in eligible expenses paid by a claimant on loans of the proceeds of that loan were used by the claimant to pay the claimant's expenses for tuition, fees, books, room and board, and educational supplies. These items are not included in the current definition of "tuition" used to calculate the tax provision in current law.
- The new definition allows an ongoing subtraction: AB 498 would allow claimants to deduct not only current tuition expenses (as under current law) but expenses on loans taken out to pay those expenses. As DOR's fiscal note on AB 498 states, "This will allow claimants to deduct the tuition payment multiple times, to the extent that tuition is paid using the proceeds of a student loan.
- The fiscal effect of the tax provisions in AB 498 are explained in the DOR fiscal note on the bill and are considerable.
- The costs of debt service on the bonds issues by WSLRA to generate proceeds for the program fiscal effect of the tax provision in AB 498 would be separate from the costs of administering the WSLRA, as well as from. No fiscal note has been prepared on these costs under AB 498.

Context of AB 498: Nationally, student debt in America is at record high levels.

- In 2013 the cumulative portfolio of loans in the federal student loan system surpassed $1 trillion for the first time and there were more than 40 million borrowers in the system. (Figures are from the US Department of Education's annual report on student aid for 2013, http://www2.ed.gov/about/reports/annual/2013report/fsa-report.pdf)

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- Federal student loans issued each year in the United States amount to more than $1 billion annually, a level reached in 2011.

- The cumulative portfolio of debt in the federal student system surpassed $1 trillion in 2013.

- The US Consumer Finance Protection (CFPB) estimates that total student debt in America is now above $1.2 trillion. CFPB estimates that student debt grew by 20% from the end of 2011 to May 2013, fast than the growth for the same period in revolving debt (which is mostly credit card debt) which grew only 2% nationally in the same period.

- The estimates that of all student debt, 55% is originated by the US Department of Education, and 45% is originated by other institutions such as banks.

- CFPB estimated in July 2013 that current private student loan debt in the US is roughly $165 billion. (http://www.consumerfinance.gov/newsroom/student-debt-swells-federal-loans-now-top-a-trillion/)

The problems of student debt (and more broadly, the problems of paying for higher education) are well-known. The difficulty of paying for higher education limits some students' ability to obtain that education; this affects their future earnings and their role in the economy. Students who incur debt find challenges to their individual and family budgets, which in turn create issues for the larger economy.

HEAB supports efforts to reduce student indebtedness. We work to provide as many students as possible with the full amount of grants and loans funded by the legislature. These grants and loans reduce the cost of study for students and thus the presumed need for student debt.

HEAB supports informing students and families about their options for paying for college. HEAB believes that students could benefit from additional counseling on financial issues including issues of student debt. These activities are presently conducted by several entities; the financial aid offices of the colleges in Wisconsin have traditionally taken the lead role in this. HEAB has assisted through the providing of information via its web site and in response to contacts from students and families.

HEAB testifies today for information only on AB 498 because:

1. Financial aid experts and agency staff are divided on the net effect of creating a new entity for the sole purpose of refinancing student debt as described in the bill.

    - Some in the financial aid field feel that the burdens borne by students and families in dealing with debt must be reduced to a minimum.

    - However, others in financial aid fear that a proposal for refinancing such as that in AB 498 would reduce the concern felt by students and families about college debt. Such a reduction in concern could result in more borrowing for a two or four year course of study, and it could also result in less pressure to finish on schedule. Many of the highest-debt students take more time than usual to complete degrees or spend long periods studying for second degrees.

2. The definition of "expenses" in this proposal may well increase student indebtedness. HEAB believes that student living expenses and spending choices play a significant role in creating student debt currently. AB 498 would include loans to meet living expenses in the definition of loans

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eligible for refinancing by the WSLRA. This is consistent with the current reality of many loans today. However, if the WSLRA does reduce borrower concern about debt for actual tuition, the mechanism of a WSLRA may also reduce concern about managing living expenses.

As noted, AB 498 also expands the definition of "tuition expenses" (living costs) in the definition of allowable expenses under the income-tax provision, which could exacerbate this problem.

3. Counseling might succeed in reminding students and families about the need to minimize debt; however, counseling may not be wholly effective in this.

4. There will be serious planning challenges in creating the WSLRA.

   - HEAB notes that AB 498 would require refinance loans made by WSLRA to be offered at the lowest possible interest rate that is still sufficient to cover the expenses of the program. HEAB believes that it will be difficult to calculate an interest rate that is guaranteed to meet necessary expenses of the program and nothing more.

   - Data exists on the amount of NEW student debt issued in Wisconsin each year. However, estimating the total CUMULATIVE student debt held by Wisconsin residents is problematic.
   - It's probable that of the existing student debt that could be refinanced by WSLRA, some would be refinanced quickly and some would be refinanced over time. Estimates would need to be generated regarding the demands of new and of existing borrowers on WSLRA resources; these estimates would of course be estimates.

5. Finally, while HEAB supports reducing student indebtedness, it's important to remember that not all student debt is the same.

   Some borrowers will find increased options under a proposal such as that in AB 498. The program, if created, would probably benefit borrowers holding loans from private-sector providers such as banks, credit unions, and credit card companies.

   Borrowers in the federal student loan system might obtain lower interest rates from a WSLRA refinance that they have under the federal system. They would however, lose significant options:

   - Federally-provided student loans under the Ford loan, the Perkins loan, and other federal programs are eligible for federal refinancing. Absent a change in federal law, taking debt out of federal programs through a refinance by WSLRA would remove the option to refinance that debt under the favorable terms of federal direct refinancing and consolidation.

   - Also lost to such borrowers would be participation in federal deferment programs and federal forbearance programs. (A deferment is a period during which repayment of the principal and interest of a loan is temporarily delayed, and may sometimes include federal payment of interest on the loans during the period of deferment. Under forbearance payments may be stopped or reduced for a limited period of time, however interest continues to accrue.)

   - Also lost to these borrowers would be participation in federal income-based repayment schedules, which can greatly reduce payments.

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- Finally, replacing federally-provided student debt with state-supplied loans would end borrowers' abilities to participate in debt-forgiveness programs provided by the federal government. These programs include the Public Service Loan Forgiveness Program, the Teacher Loan Forgiveness Program, the Total and Permanent Disability Discharge program, and the Death Discharge. In rare cases there is also a Discharge in Bankruptcy option available to borrowers in the federal student loan system.

A final caution: WSLRA may not be able to meet the demands of all borrowers on a schedule that the borrowers would request.

The number of borrowers in the federal system in Wisconsin is large. We noted earlier that in 2013 the federal student loan system had outstanding loans above $1 trillion and that there were more than 40 million borrowers nationally with loans in the system outstanding.

Again, the Consumer Finance Protection Bureau estimates that of all student debt, 55% is originated by the US Department of Education. That leaves 45% to be originated by banks.

If we use the US Consumer Financial Protection Bureau's estimate that privately-held student debt in the nation totals $165 billion, and we assume that Wisconsin residents hold 2% of that portfolio, Wisconsin residents could be seeking as much as would $3.30 billion in loans from WSLRA.

If any residents elected to refinance federal student loan debt the amount could be higher.

For comparison, 2013 LFB Informational Paper #78 "State Level Debt Issuance" reports that as of December 2012 Wisconsin was carrying $8.0 billion in outstanding general obligation debt (Table 4, page 13). This figure is general obligation debt, not General Purpose Revenue (GPR) debt; the $8 billion figure includes segregated fund debt.

For all these reasons, HEAB has chosen to appear today for information only on AB 498.

Should you have questions or concerns about AB 498, please feel free to contact me.

MORE

Student debt in Wisconsin - Web resources

Consumer Financial Protection Bureau www.consumerfinance.gov

Student Loan Affordability (May 2013)
A summary of current options and potential policy choices in student debt and student debt repayment
http://files.consumerfinance.gov/f/201305_cfpb_rfi-report_student-loans.pdf

Annual Report of the CFOPB Student Loan Ombudsman (October 2012)
A narrative explanation of issues in student debt with some limited data on private student lending
http://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf

US Department of Education

Home page for financial aid
http://www2.ed.gov/finaid/landing.jhtml

Financial counseling and information from the US Department of Education
An overview of issues and advice to students and families contemplating paying for college
https://studentloans.gov/myDirectLoan/financialAwarenessCounseling.action?execution=e1s1

Project on Student Debt

State by state information
An extensive data resource with data on debt by state and by school
http://projectonstudentdebt.org/state_by_state-data.php

Searchable data resources for custom data inquires can be performed at
http://college-insight.org/#explore/go&h=44b136f4d155362e46d5da65ab244409

WAASFA, the Wisconsin Association of Student Financial Aid Administrators

Student and Parent Resources
A page of links to resources including information on programs but also information on college preparedness and financial literacy
http://www.wasfaa.net/student-resources/

Wisconsin Higher Educational Aids Board (HEAB)

Main Page http://heab.wisconsin.gov/

Links http://heab.wisconsin.gov/links.html

SB-376/AB 498

My name is Faun Moses. I am an attorney with the Public Defender's office. I have been working in that capacity for 3 ½ years.

I attended the University of Wisconsin- Madison for my undergraduate degree and the University of Wisconsin Law School for my law degree.

I grew up in a single parent household. My mother struggled to raise 2 children on her own, with no financial support from our father. Therefore, she was unable to help financially with sending me to college. I have worked as long as I can remember to help contribute to our family. I began babysitting at a young age, worked on a farm, and have held numerous jobs in the service industry, even while working towards my degrees.

I am a first generation college graduate. I was very lucky to have received a scholarship to attend the UW as an undergraduate. Without the financial assistance, I would be in a worse financial situation than I am now.

Currently, I have nearly 100k in student loan debt with an interest rate over 7%. When I started paying my student loans, I was paying nearly $500 a month. I have been able to consolidate my loans, because they are all federal loans, and under the income based repayment plan my payments are now about $300 a month. One of my colleagues, who went to a private law school and has private loans as well, pays over $1000 a month for her student loan payment.

I didn't become a public defender to get rich. I became a public defender because I value the importance of providing effective representation to indigent people. Although I'm not in this field for the money, I had no idea that I would have the financial stress I have. I live paycheck to paycheck and have an almost nonexistent savings account. Recently, I made the decision, at 31 years old, to move back home with my mother, as she was graciously offering me to live rent free so that I could work on paying off my credit card debt and save for a down payment for a home.

My goal is to buy a house and start a family in this community. It's a goal that I definitely thought would be possible after obtaining a bachelor's degree AND law degree. If I was not living back home with my mom, I would not be able to save any money and work towards my goal of owing a home and putting down roots in this community.

This bill will help many people in my same situation. I wish I would have had loan counseling so that I could have had more information about how much debt I would be in, and what grant programs, or other loan repayment programs were and are available. This information is very important. Also, being able to refinance my loans and deduct student loan payments for tax purposes would be very helpful. This savings would help me achieve my goal of buying a home and starting a family in this community.

Thank you.

Dear Sir or Madam,

My name is Cindy Riley. I live in Janesville WI. I am married with 3 children and a granddaughter I help support. I believe the Higher Ed, Lower Debt Act is one of the most needed pieces of legislation I can think of!

According to NSLDS (National Student Loan Data System) the online site that lists all of your student loans, the total money our family has borrowed for Higher Education is $201,044. We have been prudent in making repayments, but the high interest rates on these loans are making it impossible to make progress. Combined, we still owe $103,051. This is a lot of interest money we would be glad to pay the state of Wisconsin to fulfill our financial obligation at a lower interest rate!

The Higher Ed, Lower Debt Act will help my children become the contributing members of society they intended to become when they pursued higher education degrees! It may allow my husband and I a chance to try to begin believing that perhaps there is a debt free future for us as we turn 60!

As a family we believe in higher education, but trying to pay off these loans with this high of interest rates over the next 20 plus years.....it makes us believe we made a big mistake encouraging our children to pursue higher education; because, now they are struggling with debt instead of seeing the benefits of a higher education.

Our family PLUS loan debt was $117,108, of which we still owe $51,860. This is for 4 individuals **<u>all</u>** at UW-Wisconsin 2 yr. or 4 yr. Universities...no private colleges...and Blackhawk Tech College. These PLUS loans range from 9/2003 through 10/2008. Most of these loans are from the pre 2006 era and interest rates on these loans are in the 6.8% - 12.5% range. Even when paying more than the minimum payment due, my husband and I will 84 years old before our loan is fulfilled. We thought hard and long about my return to get my Masters because of the additional debt it would incur with four of us being in college at the same time. At the time the numbers indicated it was the right thing to do.... now the numbers have turned on us. We are constantly checking on loan forgiveness programs, loan consolidation options and none of them ever apply to our situation. The proposed tax credit in this bill could change that. At this rate, I will be an 84 yr. old elementary music teacher still trying to pay off her college debt!

My older son's loans for his Welding degree from 2006 are still $10,979. He works a full time custodial job making $9 an hour trying to support a family of four. They have been without running water for the past 2 1/2 weeks, waiting for the weather to warm, (which it hasn't), because they don't have $400 to pay a plumber to unfreeze their lines. His college debt bill of $135 month is really needed to pay for basic survival. A lower interest rate than his current unsubsidized 6.55% and the proposed tax credit would have significant impact on their tight budget.

My daughter's current college debt is $40,212, partly because of a recent skin cancer diagnosis she received when she had 3 classes left to complete her degree. Do we say drop out and "get a job, any job" or since you've made it this far "See it through." She is shy, but loyal and steady with her recent college degree to prove her intellect and tenacity. Over the past several months she has submitted hundreds of applications, and had several interviews; but has not received the job over other applicants in the current tight job market. Her more recent college loans are all 6.8%. We are paying these rates when currently we are earning practically 0% on any type of savings account and home mortgages are in the 3.5% range. I believe this is a great injustice to our young people who are desperately trying to make it on their own.

My younger son and twin to my daughter, worked full-time while in college to lessen his debt. Currently he is a successful 2nd year middle school teacher, has delayed starting a family, prays his '98 Chevy Malibu will continue to make his hour and half daily commute; and, with his wife, who is also a teacher, by living on a strict bare-bones budget, has repaid $32,745 of his college debt.

I believe we represent the stories of many WI constituents.

As I shared with some staff in the school where I teach, that I had planned to speak on this topic today, I was shocked by their responses. EACH person I spoke with shared the impact of their college debt. Kelly, an aide, pays $305 per month on her husband's $50,000 college debt. Her daughter, a Senior in high school, wants to go to college and she has no idea how they can possibly afford it. In the room next to mine, two teachers were planning together. Patty owes $70,000. Stephanie owes over $100,000 for finishing a degree in Bilingual Education and then, per district request, a second degree to add a general education grades 1-8, so that she would be certified to teach Hispanics within the regular classroom.

Krysta, a 4th year teacher, is not eligible for partial loan forgiveness for teaching in a high poverty school because she consolidated her loan with a private lender. She shared "They don't tell people up front." And added "I often think about finding a career that would cover my debt (payment) every month. It is hard to choose between a job I love and being able to provide for my own children."

Meghan, a first year teacher, makes a $900 a month loan payment because of the certification needed for her position as a social worker. Her unsubsidized loan is at 6.5%

These teachers are silently struggling to pay off their significant college debt. My heart aches for these dedicated educators who are passionate about teaching our children who are our future. (In light of recent legislative actions) The Higher Ed, Lower Debt Act is a way to say we value you, educators. Here's a way to say thank you for your sacrifice, Here's a way to say "stay!"

Thank for addressing this important issue!

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Higher Ed Lower Debt for Wisconsin

Speaking on behalf of myself in favor of the bill

State Assembly Hearing

February 10, 2014

Hello, my name is Jennifer Hussli. I am a Wisconsin native and a family physician practicing in Wisconsin for the past 7 years. I am a wife and a mother of two young boys. I completed my Family Medicine residency in 2007, having graduated with a combined undergraduate and medical school debt totaling greater than $300,000.

I've attended secondary and graduate education programs for 11 years. By the time I graduated and contemplated a family of my own, I was already considered a mother of advanced maternal age, and a financially burdened one at that. Talk about frightening – a newly married woman of advanced maternal age, considerably debt ridden, and contemplating a family of my own.

Now, as I practice medicine and work to raise a family of my own, nearly ½ of my take home pay each month goes to pay student loan debt for either myself or my husband who works as a Rock County sheriff.

When we attempted to buy our first home, shortly after the birth of our first child, our debt to income ratio was so high that three local banks turned us down for a traditional mortgage. We ended up seeking the assistance of a mortgage company out of state. While we were successful, our loan terms were, and still are, somewhat punitive, as we continue to pay a considerable amount of private mortgage insurance each month. Student loan debt continues to significantly affect me and my family every day.

I am here to speak on behalf of the Higher Ed Lower Debt for Wisconsin Bill.

The makers of this bill point out that Wisconsin loan borrowers have an average debt of $22-26,000 and it is estimated that Wisconsin residents paying student loans from a bachelor's degree are paying an average of $388 per month for an average of 18.7 years.

According to the American Consumer Survey, the current median household income for Wisconsin is $51,059, having dropped 8.84 % or $4,951 since its peak in 2007.

As student loans grow, interest rates escalate, and loan companies are ever more evasive with regard to their terms, the value of higher education is being challenged simply due to cost.

And consider the even greater impact student loan debt has on those who've gone on to post-graduate studies. In my field alone, the median debt burden for medical school graduates of public institutions has risen to over $119,000 while that for private graduates has increased to nearly $150,000. Medical education debt is 4.5 times as high in 2003 as it was in 1984, growing well beyond the consumer price index. Tuition and debt continue to outpace inflation and physician incomes continue to lag behind.

Given current figures on income and debt burden, a starting primary care doctor could be paying between 8 and 15% of income solely to manage their student loan debt.

Due to extreme costs, high interest rates and increasing debt to income ratios, US medical school graduates continue to move away from the fields of family practice and internal medicine – unless one matriculates from an already affluent family, achieving a post-graduate education is getting more and more difficult. This has far reaching implications – it will challenge achieving diversity in medicine and it will fail to improve the already critical access to care issues that our state and nation is facing.

Considering The Higher Ed Lower Debt Bill is therefore critical at this time.

It will help borrowers refinance student loans – in finding lower interest rates, it will put money back in to our pockets. This money can then be put back in to our economy.

It will help students to be able to deduct student loan payments from their state taxes allowing for considerable annual tax savings.

It will ensure all students and families better understand the financial implications prior to signing for vast student loans.

As a lifelong learner, a family physician who attempts to give back to her community every day, and an educator of resident physicians, I strongly support this bill and ask that it is given the highest consideration in the Senate. Let's ensure that the best and brightest students, no matter what their financial background, might be given a better and more financially feasible opportunity to achieve higher education.

Respectfully,

Jennifer A. Hussli

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