NASW. WISCONSIN CHAPTER ...the power of social work
National Association of Social Workers

NASW WI TESTIMONY ON OCTOBER 7, 2015 AT THE SENATE COMMITTEE ON UNIVERSITIES AND TECHNICAL COLLEGE IN SUPPORT OF SENATE BILL 194, THE HIGHER EDUCATION LOWER DEBT BILL

My name is Marc Herstand. I have served as the Executive Director of the National Association of Social Workers for the past 23 years. One of the biggest challenges based by social workers is high student debt load compared to their relatively modest salaries. Last summer we conducted a student debt load survey of our members. Here are some of the comments from the survey

- I joke that I will not have my loans paid for before I die, but in reality it is probably the truth.
- I was able to consolidate my loans federally which is helpful. However, to make the monthly payment reasonable I had to spread it over 30 years. It is overwhelming to think that my daughter will finish college before I'm done paying my student loans and scary that it may impact when I can retire.
- I am currently 64 years old with a cancer diagnosis. I cannot afford to make my loan payments. I don't know what to do about this.
- I was originally supposed to pay over 1,000/mo for my grad school loans, but with Income Based Reduction it was lowered to 630. This is still a huge chunk of my monthly income. I went in to social work knowing I would not make a lot of money in Social Work, but I couldn't have imagined the amount of debt I would incur. We lost our house to foreclosure after I graduated, because of a forbearance we took during my last year of grad school and while we paid the lower monthly payments, we were unable to pay the remaining lump sum.
- My husband and I are in the human services field. We could not afford a home due to our monthly student loan payments. We both have our masters' degree. We are also investing less in our retirement due to our expensive student loan payments.

These are just a few of the comments we received from the survey.

In this survey 31% of graduates had student debt over $55,000, while 50% of current students expect to have debt over $75,000. 14% of students said that their education costs would be over $100,000! The majority of those surveyed stated that student debt had been a stress factor in their lives and had negatively affected their family life including the ability to start a family, the number of children they might have and whether they can take any vacations. The majority of members mentioned that student debt has impacted their ability to buy a home.

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The Higher Education Lower Debt Bill would provide some relief to our members with student debt load by allowing many of them to refinance their loans at a lower interest rate and deduct their loan payments from their state taxes.

This debt load survey illustrates the great challenge faced by many new social workers of having both a very high debt load and a relatively low salary. Many of these social workers will be paying off their debt for 20-30 years. This debt load puts an enormous financial and emotional strain on these individuals, their marriages and family. It can lead to social workers leaving the profession they love because they can't make their student loan payments on a social work salary. It can lead to couples delaying the purchase of a house and even children because of the debt load. Finally the excessive student debt load carried by many recent college graduates suppresses the purchasing power of these Wisconsin residents, putting a damper on the economy.

Social workers work to protect children, the disabled and elderly from abuse and neglect, help heal the impact of trauma on Veterans with PTSD and survivors of child and sexual abuse. They help people with mental illness cope with and sometime overcome illnesses such as eating disorders, schizophrenia, depression, manic-depressive disorder and other illnesses. They help elderly individuals and their family members cope with aging, dementia and Alzheimer's disease. They help individuals with alcohol and other drug abuse problems. It is often said that almost everyone in their lifetime will need the services of a social worker. However unless something is done about college debt loan, there will be fewer and fewer individuals who will be able to afford to work as social work professionals.

Please pass Senate Bill 194, the Higher Education Lower Debt bill

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Scott Walker
Governor

John Reinemann
Executive Secretary

TO: Senate Committee on Universities and Technical Colleges

FROM: John Reinemann, HEAB Executive Secretary

RE: HEAB input for information on SB 194

DATE: October 7, 2015

I speak today regarding 2015 Senate Bill 194, a proposal to create a Wisconsin Student Loan Refinancing Authority and make related changes to the Wisconsin income tax treatment of tuition and student fees.

HEAB is speaking and registering for information only on SB 194.

SB 194 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.

<u>Comparisons between the two board (HEAB Board and the proposed WSLRA Board):</u>

- The HEAB Board consists of eleven members. A statutory formula assures representation from the academic sectors HEAB works with: The UW System, the Technical College System, and the private nonprofit colleges in Wisconsin (the "WAICU" sector). These three sectors are each represented by a financial aid professional, a member of the board of a college in the appropriate sector, and a student from the sector. In addition, the HEAB Board includes a member from the state's Tribal Colleges, who serves as an ex-officio member. Terms on the HEAB Board are two years.

- Under SB 194 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 gubernatorial appointees, two would be professionals having at least ten years' experience in making qualified education loans, and three would be students at an institution of higher learning (one student from a UW System school, one from a State of Wisconsin technical college, and one from a private-nonprofit college located in Wisconsin). Terms on the WSLRA Board would be for two years for most members; the "experienced loan officer" members would serve three-year terms.

- As noted above, 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. SB 194 is silent about such a board member for WSLRA; presumably the WSLRA Board could appoint a similar ex-officio member.

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- The HEAB Board includes no representation from the private-for-profit sector of higher education, because no HEAB programs provide funds to students at school in the private-for-profit sector. SB 194 makes no mention of a student from the private-for-profit sector on the WSLRA Board.

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

Comparisons between the two agencies / entities (HEAB and WSLRA):

- The two agencies / entities would have agency-heads selected by different methods. HEAB's agency head (the Executive Secretary) is appointed by the Governor; under SB 194 WSLRA would be headed by an entity 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 SB 194 the WSLRA would be audited biennially beginning in 2017 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: SB 194 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 point.

Duties of existing state agencies (including HEAB) under SB 194:

1. **SB 194 would require 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. Links to private loan-providers are part of the information required. Under the bill, HEAB would be required to provide a link to this information on HEAB's web site. DFI has filed a fiscal note on SB 194.

2. **Two provisions of SB 194 would place requirements on colleges and universities in Wisconsin** as they deal with students and families.

   - SB 194 would require some (but not all) of 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 institutions. The UW System has filed a fiscal note on SB 194.

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This requirement is made of UW System schools, Wisconsin state technical colleges, private-nonprofit colleges, and tribal colleges; the bill apparently does not make this requirement of private-for-profit colleges (Section 35 of bill).

- SB 194 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. Schools required to provide this information could assess lenders a fee of up to $50 to defray their costs for providing the counseling.

  This requirement is made of UW System schools, Wisconsin state technical colleges, private-nonprofit colleges, and tribal colleges; the bill apparently does not make this requirement of private-for-profit colleges (Section 36 of bill).

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.

3. **<u>SB 194 would require HEAB</u>** 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 that it could collect and report much of this data because much of the data is already available to some degree and some new data would be reported directly to HEAB.

   SB 194 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. SB 194 requires the data to be submitted to HEAB on an institution-by-institution basis

   HEAB believes that, if for-profit-private colleges are not included in the list of sectors or schools who are required to submit data to HEAB (Section 34 of bill), the HEAB report could not be expected to report on debt in that sector in the same detail as for sectors reporting data to HEAB.

   <u>HEAB's fiscal note on SB 194</u> reports our conclusion that the reporting requirements made on HEAB in the bill would necessitate an additional 1.0 FTE position on our staff. HEAB estimates its costs under SB 194 at $118,900 annually.

4. **<u>SB 194 would also change state income tax law regarding the current individual income tax.</u>** HEAB does not administer the income tax; the details and costs of the income tax provisions of the bill are shown by the <u>Department of Revenue, which has filed a fiscal note on SB 194</u>.

   HEAB would like to note that SB 194 would expand the definition of "tuition expenses" used to calculate the income tax provision. The bill would include in "eligible expenses" any interest and principle paid by a tax-filer on loans that were used by the tax-filer to pay for tuition, fees, books, room and board, and educational supplies. Payments on loans towards these expenses, are not currently included in the definition of "tuition" used to calculate the tax provision in current law.

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5. The costs of staffing and administering the WSLRA have not (to HEAB's knowledge) been included in any of these fiscal estimates.

6. Similarly, estimates of the potential interest rate(s) at which WSLR would be able to make loans, have not (to HEAB's knowledge) been attempted.

Context of SB 194

Nationally, student debt in America is at record high levels. The same is true for Wisconsin.

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 41 million borrowers in the system. Today the total is $1.1 trillion in total loans; the amount grew 8% in 2014. (Figures are from the US Department of Education's annual report on student aid for 2014, http://www2.ed.gov/about/reports/annual/2014report/fsa-report.pdf)

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

The US Consumer Finance Protection (CFPB) estimated in 2014 that total student debt in America was above $1.2 trillion. CFPB estimates that student debt grew by 20% from the end of 2011 to May 2013, faster 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.

CFPB estimates are 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 was 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.

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<u>HEAB testifies today for information only on SB 194 because:</u>

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, through means including new options for refinancing of debt such as the entity created under SB 194.

   - However, others in financial aid fear that a proposal for refinancing such as that in SB 194 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" covered under SB 194 by the state income tax deduction would be expanded to include amounts paid on student loans. While these are clearly "expenses", they have not been counted as "expenses" to date. The change could result in increased counts of student debt, since a tuition bill could be deducted once at time of payment and again as the loan used to pay that tuition is paid off. HEAB is concerned that this will result in "double-counting" of student debt.

3. There is uncertainty about the effectiveness of counseling in reducing student debt. 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 which HEAB wishes to list.

   - HEAB notes that SB 194 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. This will complicate planning for WSLRA as it tries to assess how much debt it may be asked to refinance in its first year(s) in operation.

     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. HEAB supports reducing student debt, but not all student debt is the same.

   Some borrowers will find increased options under a proposal such as that in SB 194. The program, if created, might benefit borrowers holding loans from private-sector providers such as banks, credit unions, and credit card companies if the interest rates on their present debts are higher than rates offered by WSLRA (as would seem to be the intent of the bill) and if these borrowers refinanced.

Borrowers in the federal student loan system might obtain lower interest rates from a WSLRA refinance that they have under the federal system. In converting federal student loans to WSLRA debt, 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.
- 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 VERY rare cases there is also a Discharge in Bankruptcy option available to borrowers in the federal student loan system; this would be lost as well.
- Also lost to 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.

6. 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 2014 the federal student loan system had outstanding loans above $1.1 trillion and that there were more than 41 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 residents elected to refinance federal student loans the amount could be higher.)

   For comparison, 2015 LFB Informational Paper #78 "State Level Debt Issuance" reports that as of December 2014 Wisconsin was carrying $7.9 billion in outstanding general obligation debt (page 13, table 4). This figure is general obligation debt, not General Purpose Revenue (GPR) debt; the $7.9 billion figure includes segregated fund debt.

For all these reasons, HEAB has chosen to appear today for information only on SB 194. Should you have questions or concerns about this information, please feel free to contact me.

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

White House – Student Aid Bill of Rights, March 2015

Fact sheet and links to data and other documents
https://www.whitehouse.gov/the-press-office/2015/03/10/fact-sheet-student-aid-bill-rights-taking-action-ensure-strong-consumer-

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

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

To: Senate Committee on Universities & Technical Colleges
From: State Representative Cory Mason
Re: Support of Senate Bill 194/Assembly Bill 272, the Higher Ed, Lower Debt Bill
Date: Ocotber 7, 2015

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

The Higher Ed, Lower Debt bill represents that new, innovative approach to relieveing the student debt crisis. This legislation's emphasis is on the reality of student debt. At a time when 70% of Wisconsinites are graduating from college with student debt averaging over $28,000, it is clear action must be taken now.

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 815,000 Wisconsin residents who are drowning under the weight of their student loans. This legislation's emphasis is on the reality of student debt. At a time when 70% of Wisconsinites are graduating from college with student debt averaging over $28,000, it is clear action must be taken now.

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.

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

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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.

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. 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.

TESTIMONY: SB-194
Higher Ed, Lower Debt
10/7/15

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.

Since Rep. Mason and I first introduced HELD back in 2013 the number of Wisconsin residents with student loans has grown from 753,000 to 815,000. The average loan debt for someone who obtained a bachelor's degree has increased from just over $22,000 to $28,400. Total student debt in Wisconsin is over $19.3 billion. According to Generation Progress as many as 515,000 Wisconsin residents could benefit from being able to refinance their student loans.

To break this down a bit we have research that shows how student loan debt is impacting graduates at each UW 4-year campus and private colleges around the state.

For example:

- At my alma mater, UW-Green Bay, the average debt of graduates in 2013 (the most recent numbers we can find) was $26,510. The percent of students who graduated with student loan debt was
- 76%.

- At UW-Stout 65% of graduates have an average debt of $29,546

- UW Whitewater, 75% of graduates have an average student loan debt $26,186

- UW-Oshkosh 77% of graduates are carrying an average of debt of $25,259.
- And UW-Superior 74% of graduates have an average debt of $27,871.

- Interestingly enough, percentage-wise, fewer graduates in 2013 at UW Madison had student loan debt—just 50% who carry a somewhat lower amount of debt at $25,664.

So, while this is a big problem at UW-Madison, it is in most cases an even bigger problem at the campuses around the state and in our own districts.

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

Our economy is still slow to recover. There are thousands of young families struggling to make ends meet while they wait for their employment 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.

This plan does not offer giveaways and will not be seeking huge amounts of GPR revenue to fund it. In fact, the biggest "cost" associated with the plan is the $108 million in tax cuts it provides to holders of student loans which 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 hundreds of thousands of state residents.

But another component will make it possible for thousands of Wisconsin residents and families to save even more by making it possible for them to refinance their student loans at lower interest rates—just like you can a car or home loan.

It will offer this 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. Generation Progress, national advocacy group that is working for student loan reform, estimates as many as 515,000 Wisconsin residents could benefit from being able to refinance their student loans.

I think there is another important benefit to this legislation that should not be overlooked: this bill would promote "Brain Gain" as opposed to "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. HELD has the ability to provide a practical incentive for college graduates to stay here in Wisconsin and actually attract graduates from other states. It is a benefit that employers here don't have to pay for but they can take advantage of it because only Wisconsin residents would qualify for the savings this plan provides,

Since we introduced this bill last year, my office has been contacted by a growing number of people interested in this legislation—doctors, attorneys, dentists, social workers and graduates of all kinds. 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. The higher Ed/Lower Debt bill would provide that help.

Thank you.

Dēmos ONEWISCONSIN INSTITUTE

Wisconsin's Great Cost Shift

HOW HIGHER EDUCATION CUTS UNDERMINE THE STATE'S FUTURE MIDDLE CLASS

In today's economy, a college education is essential for getting a good job and entering the middle class. Yet, despite this reality, college costs are rising beyond the reach of many Wisconsinites, and student loan debt has become a clear and present danger to both the Wisconsin and American economies.

Nationwide, student loan debt has exploded from $200 billion in 2000 to $1.3 trillion today.[1] Outstanding student loan debt is the largest component of consumer debt in the country, exceeding both auto loans and credit card debt, and is the second-largest source of household debt, trailing only mortgage debt. Student loan debt also impacts every generation in America. According to the Federal Reserve, borrowers aged 40 and older owed 34 percent of outstanding student loan debt as of 2012.[2]

In Wisconsin, state policy decisions have played a significant role in this rise by shifting costs onto students and families though declining state support. Wisconsin's investment in higher education has decreased considerably over the past two decades, and its financial aid programs, though still some of the country's most expansive, fail to reach many students with financial need. As a result, students and their families now pay—or borrow—much more than they can afford to get a higher education, a trend which will have grave consequences for Wisconsin's future economy.

The Impact of Student Debt on the Finances of Wisconsinites

According to One Wisconsin Institute's analysis[3] of a detailed financial survey of nearly 2,700 Wisconsin residents across income and age levels, student debt is taking a grave toll on the finances of borrowers:

- **Large Monthly Payments:** Individuals with bachelor's degrees reported making average monthly student loan payments of $350 and those with graduate or professional degrees made an average payment of $448.
- **Auto Purchases:** Individuals repaying student loans are more than twice as likely to purchase a used automobile. As a result, aggregate new vehicle spending in Wisconsin may be reduced by up to $201.8 million annually.

- **Home Ownership**: One Wisconsin found strong correlation between student loan debt and renting among student debtors. Demos research on student debtors corroborates this, finding that, among young households with college degrees, homeownership rates were 6 percent lower among households with student debt; and though indebted households purchased less expensive homes, they had, on average, about $18,000 less in home equity than households without student debt.[4]

The Institute's research also showed that the average Wisconsin borrower pays $388 a month toward their student loan debt. However, the burden of student debt isn't limited to a few households: more than 812,000 Wisconsinites have student debt.[5] Collectively, Wisconsin's student debtors owed $18.8 billion, as of 2013,[6] and are making nearly $4 billion a year in student loan payments — an incredible drag on the spending power of these hardworking individuals who make up nearly one in five adults in Wisconsin.

Clearly, student debt is becoming a full-blown crisis for young households, one which impacts both individual borrowers and the entire economy, as borrowers' consumer choices are limited by ballooning student debt. Demos attempted to quantify this larger economic impact of student debt in its 2013 report, "At What Cost? How Student Debt Reduces Lifetime Wealth."[7] It found that, for a young dual-headed household with $53,000 in student debt, the impact of their debt will lead to a lifetime wealth loss of nearly $208,000, primarily due to lost savings and investment early in their working lives. Translating this to Wisconsin's student debtors, their $18.8 billion in outstanding student debt will result in $73.8 billion in lost wealth, an amount that will continue to rise until the student debt crisis is solved. To do so, we need to understand the causes of why Wisconsinites are borrowing so much for college. To find the causes, this brief examines the state of public higher education in Wisconsin and identifies the major culprit: the major cuts in state funding for higher education.

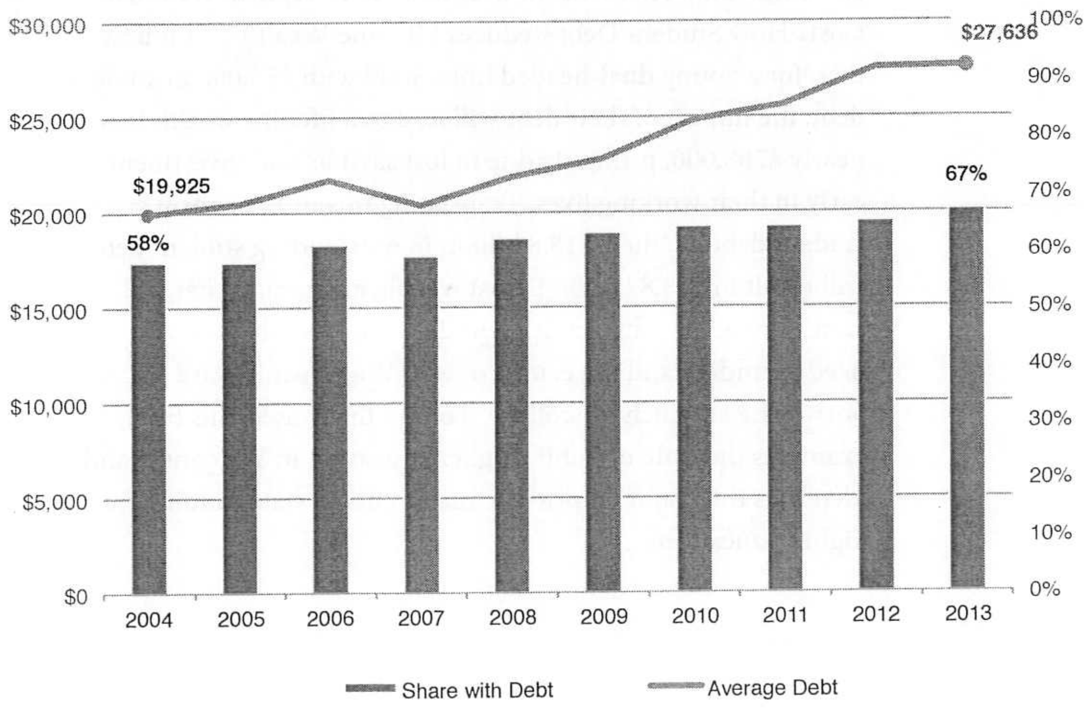
Shifting Costs to Students and Families

Tuition charges at UW schools have been rising far more rapidly than family incomes in Wisconsin, which means that tuition has taken an increasingly large bite out of family budgets. The rising unaffordability of a college education in the state, in turn, has caused students to borrow more to pay for school.

- In 2000, average tuition and fees alone at four-year UW schools cost 8 percent of a median household's income; by 2012 this share had doubled 16 percent.
- Sixty-seven percent of students graduating from public four-year colleges in Wisconsin in 2013 left with some student debt, much higher than the 58 percent who left indebted in 2004.
- The average debt of indebted graduates of public four-year schools has risen precipitously. Indebted students graduated with an average of $27,636 in debt in 2013, a 39-percent rise since 2004.[8]

Figure 1: Rising Debt Burdens For Wisconsin's Graduates

2014 Dollars



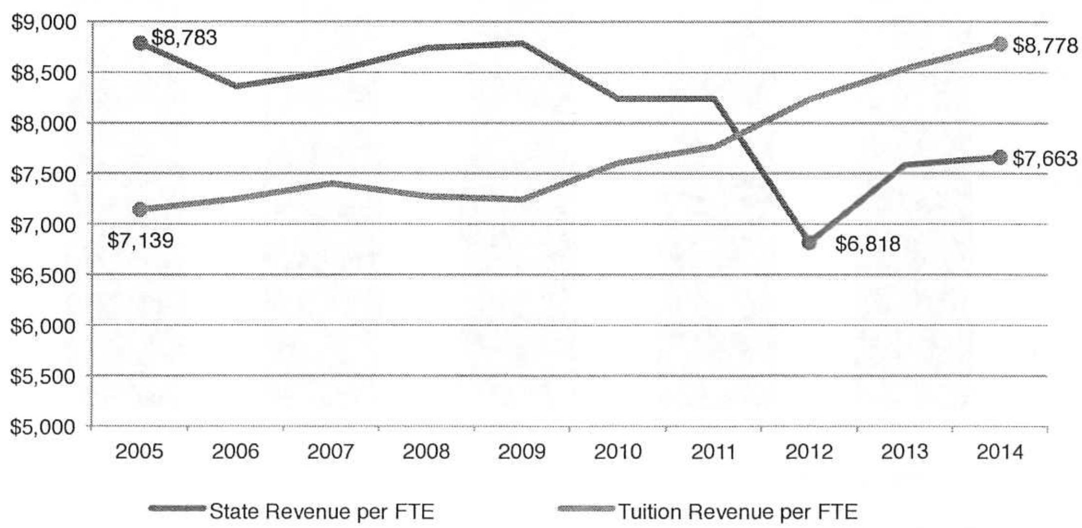
For University of Wisconsin System, Tuition Revenue Has Eclipsed State Support

State funding per full-time equivalent (FTE) student for the University of Wisconsin System has declined precipitously since its pre-Great Recession peak in 2009.[9] In the 2011 budget, deep cuts hit every area of education in Wisconsin: from nearly $800 million to K-12 education, $70 million to Wisconsin technical college, and over $300 million to the University of Wisconsin System.[10] These cuts to the UW system, combined with a recession-driven rise in enrollments, drove state funding per FTE to a historic low in 2012. Tuition revenue per FTE, however, has continued to rise over the past decade, and in 2012 eclipsed state funding as the largest source of revenue for the UW system in 2012.

- In the past decade, total state funding for the UW system fell from its peak of $1.31 billion in 2008 to $1.17 billion in 2014, an 11 percent decline.[11]
- As Figure 2 shows, funding per full-time equivalent (FTE) student has suffered a similar decline, falling 22 percent from 2009 to 2012, before recovering somewhat in the past two years.
- In contrast, tuition revenue per FTE has climbed steadily, rising 23 percent in the past decade, with much of that rise occurring in tandem with the post-2009 decline in state support.

Figure 2: Tuition Revenue Now Eclipses State Support

Per Full-Time Equivalent Student, 2014 Dollars



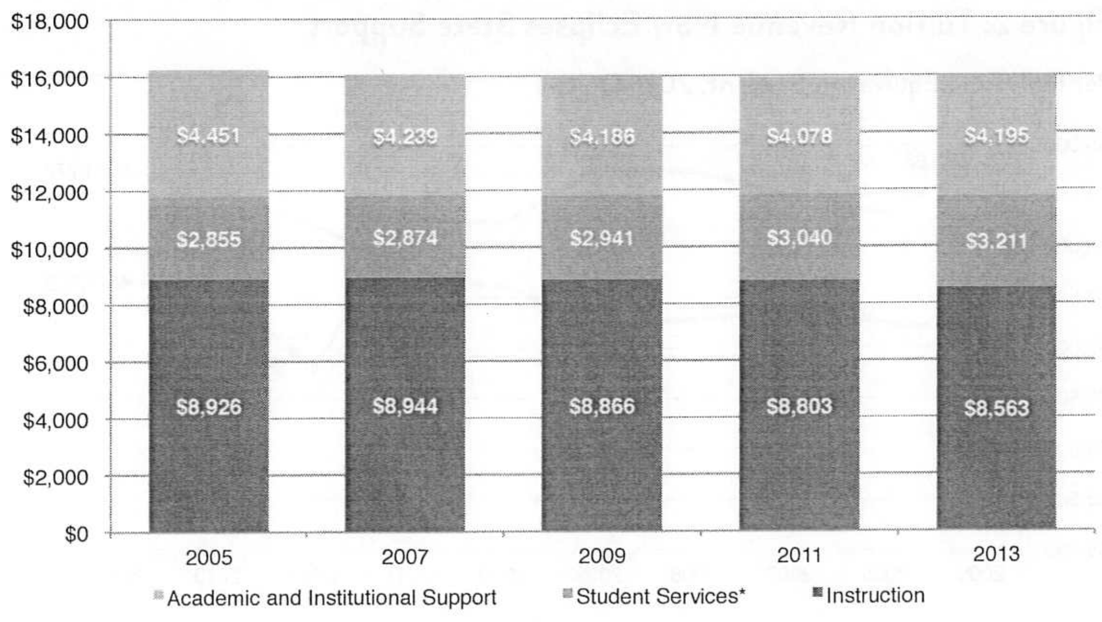
Major Expenditures Have Declined

Despite the changing composition of the revenue of the UW system, its total expenditures on instruction, student services, and academic/institutional support have declined slightly over the past decade. The composition of those expenditures, however, has changed: expenditures per student on instruction and academic/institutional support have declined while student services expenditures have risen, in part due to rising expenditures on athletic programs.

- Overall, combined expenditures in the three core categories have declined by 2 percent since 2005, falling by $250 per student.
- Instructional expenditures per student have fallen by 4 percent since 2005, a decline of $360 per student, and academic and institutional support expenditures are 5.7 percent lower over the same period, a fall of $250.
- In contrast, student services expenditures rose by 12.5 percent over the past decade, an increase of $350 per student. A portion of this increase is due to rising expenditures on athletics, which are counted as student services in the budget.

Figure 3: UW System's Major Expenditures Have Declined Slightly

Per Full-Time Equivalent Student, 2014 Dollars



*Includes Expenditures on Athletics

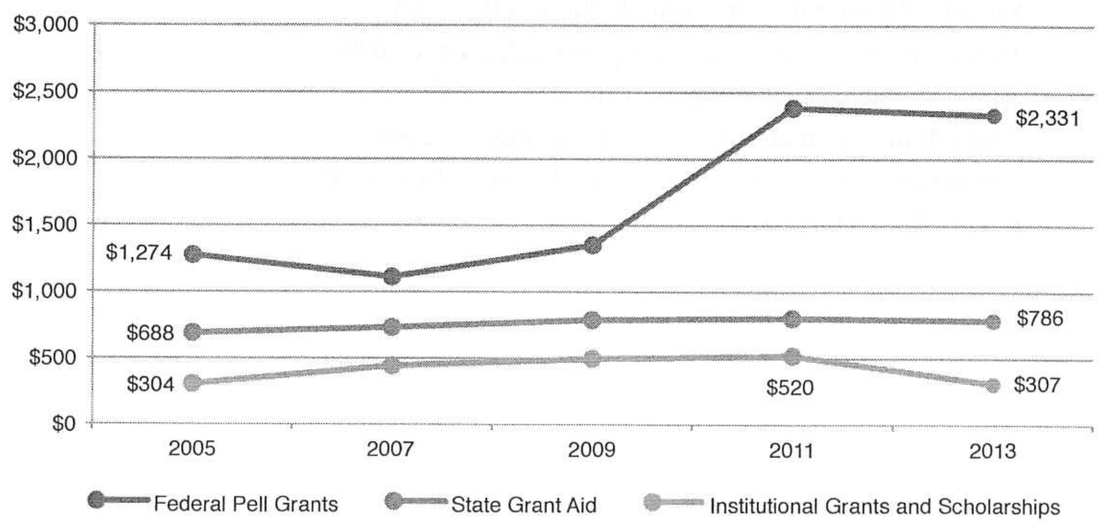
Institutional Aid Has Declined, State Aid Flat

Data on grant financial aid in the UW system makes it clear that students are indeed shouldering the cost of cuts to state funding. Institutional grant aid per student plummeted after the 2012 cuts to state funding, more than offsetting the slight increase in state grant aid per student. Federal Pell grants have risen substantially, but, as the rise in tuition revenue shows, not enough to offset increasing costs to students.

- Federal Pell grants to UW students increased substantially over the past decade, rising 83 percent in per student terms, or $1,057 per FTE.
- State grant aid has remained essentially flat over the same period, rising just under $100 per student.
- Institutional grant aid fell sharply in 2013, declining by more than $200 per student, after rising steadily between 2005 and 2011. This decline was likely due to cuts to state funding for UW schools that took effect in 2012, since student aid is often the first casualty when universities are forced to cut spending.
- However, even the combined increases in federal and state grant aid were not enough to offset the sharp increases in tuition at UW schools. The average in-state tuition charged by 4-year UW schools in 2013 was $8,339, which is nearly $2,000 a year more than in-state average tuition in 2005, and double the amount charged just 15 years ago, in 1998.

Figure 4: Pell Grants Have Risen, Institutional Aid Has Declined

Per Full-Time Equivalent Student, 2014 Dollars



Increasing Enrollments, High Graduation Rates

Despite rising costs, enrollments at Wisconsin's four-year colleges and universities have risen steadily over the past two decades, in part because of the higher-than-average share of Wisconsin's young people enrolled in higher education. Additionally, some of the increased enrollment is due to the large rise in enrollment of out-of-state students, particularly undergraduates paying full out-of-state tuition, whose numbers have risen by nearly 8,200 students over the past decade, an increase of more than 82 percent.[12] And in spite of the increasing burden of tuition on students and their families, graduation rates at both Wisconsin's 4-year and 2-year schools are higher than national averages.

- Total FTE enrollment at the University of Wisconsin has increased nearly 9 percent in the past decade, from 142,209 FTE students in 2005 to 154,843 in 2013.
- Wisconsin has a high enrollment rate: 45.7 percent of Wisconsinites aged 18-24 were enrolled in higher education in 2013, more than 4 percent above the national average of 41.6 percent.[13]
- Graduation rates at Wisconsin's colleges and universities also outpace national averages. As of 2013, 59.3 percent of students at the state's public 4-year institutions graduated within 6 years, a rate 1.5 percentage points above the national average and the 17th highest in the nation.[14]
- Graduation rates at Wisconsin's two-year schools are even better, comparatively: the share of students at the state's two-year institutions who graduated within 3 years was 29.1 percent in 2013, nearly 10 percentage points above the national average and the 6th highest in the country.
- However, graduation rates have plummeted since 2000, when 42.5 percent of students at the state's public two-year schools graduated within 3 years. If this decline continues, Wisconsin's status as a high completion-state will likely be in jeopardy.

What Needs To Happen?

Even though Wisconsin's higher education graduation rates are well above the national average, they are still too low to meet the future demands of the state's labor market, which will increasingly require a postsecondary credential. Sixty-one percent of all jobs in the Badger State are projected to require some sort of postsecondary education by 2018,[15] yet as of 2012, just 44 percent of young Wisconsinites (ages 25-34) had an associate's degree or higher.[16] This share is not projected to improve much in the near future: by 2018, just 49 percent of all working-age Wisconsinites are projected to hold a two-year degree or higher, leaving the state with a significant educational gap in its labor market.[17] Fortunately, Wisconsin can still close this projected gap by taking advantage of our state's resources to invest in the current and future generations of Wisconsinites aspiring to realize their dreams and join the middle class through postsecondary education.

With the recent cuts in higher education funding, Wisconsin is endangering the quality of its institutions of higher learning, threatening the state's economic competitiveness and the future of its young people. To reverse course, the state will need to commit to bold solutions that can strengthen and stabilize funding for Wisconsin's state universities and colleges, and provide greater financial support to deserving students.

About Demos

Demos is a public policy organization working for an America where we all have an equal say in our democracy and an equal chance in our economy

About One Wisconsin Institute

One Wisconsin Institute is a statewide research and education organization that utilizes research, communications, rapid response and online organizing to achieve its vision for a Wisconsin with equal economic opportunity for all.

ENDNOTES

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2 "Student Loan Debt by Age Group," *The Federal Reserve Bank of New York*, http://www.newyorkfed.org/studentloandebt/index.html.
3 One Wisconsin Institute, "The Economic Impact of Student Loan Debt in Wisconsin", https://drive.google.com/file/d/0B8LurBVUNQZfY2U3SUNrRFY2cFk/view
4 Demos calculations of the 2013 Survey of Consumer Finances.
5 White House Domestic Policy House & Council of Economic Advisors, "Taking Action: Higher Education and Student Debt", 6/10/14, https://www.whitehouse.gov/sites/default/files/docs/student_debt_report_final.pdf
6 "Student Loans: Overview and Issues," The Federal Reserve Bank of Kansas City. http://www.kansascityfed.org/publicat/reswkpap/pdf/rwp%2012-05.pdf?wf=rs082712
7 "At What Cost: How Student Debt Reduces Lifetime Wealth." Demos, 2013. http://www.demos.org/what-cost-how-student-debt-reduces-lifetime-wealth
8 The Institute for College Access and Success (TICAS), "College Insight" data, http://college-insight.org/#explore/go&h=af0f0e9a70bf890cdfe0d3350e3a0c4b
9 All years in this brief have been shortened to refer to fiscal years; thus, 2009 represents the 2008/2009 fiscal year.
10 2011 Act 32; Associated Press, "Walker says budget cuts to UW will not be permanent", 8/17/12, http://host.madison.com/news/local/education/university/walker-says-budget-cuts-to-uw-will-not-be-permanent/article_c49a4598-e892-11e1-a030-001a4bcf887a.html
11 All dollar figures in this brief have been adjusted for inflation to allow a more accurate comparison between different years.
12 UW system 2015 budget.
13 The Lumina Foundation, "A Stronger Nation Through Higher Education: Wisconsin," http://strongernation.luminafoundation.org/report/#wisconsin
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16 National Center for Higher Education Management Systems, "State Educational Attainment by Age Group and Degree Level," http://www.higheredinfo.org/dbrowser/?level=nation&mode=map&state=0&submeasure=239
17 The Lumina Foundation, "A Stronger Nation Through Higher Education: Wisconsin," http://strongernation.luminafoundation.org/report/#wisconsin

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CALLING ALL STUDENTS, PARENTS & INTERESTED CITIZENS!!

Paying the Price: College Costs and the Betrayal of the American Dream

A discussion with Prof. Sara Goldrick-Rab

UW-Madison Professor of Educational Policy Studies and Sociology, Founding Director of the Wisconsin Hope Lab, Senior Scholar at Wiscape (WI Center for the Advancement of Postsecondary Education)

Dr. Goldrick-Rab will discuss a serious challenge affecting most American families—the high price of college attendance. Drawing on evidence from her forthcoming book, ***Paying the Price: College Costs and the Betrayal of the American Dream***, she will describe how and why college became so unaffordable, and what the consequences are for students.

Ever wonder how COLLEGE got so EXPENSIVE…and what (if anything) can be done about it?

Sunday, October 11th ◆ 6-8 pm
Waunakee High School
Southside parking lot of H.S., Waunakee
Room 1118, Small Auditorium

October 7, 2015
Senate Committee on Universities and Technical Colleges
Hearing on SB194
Thank you to the members of the Committee for having me today.

My name is Lizzy Schounard. I am a senior at UW-Madison studying political science, and I will be graduating with $30,000 in federal and private student loan debt.
I grew up in Sussex, WI. I have always loved reading and learning, and there was never a doubt in my mind that I would attend a four year university. To achieve this goal, I worked hard, got good grades, took AP classes, and applied for as many scholarships as I could. I had a job throughout high school to build a meager savings account that I thought could sustain me. I always knew I would have to take out student loans; this seemed to be an obvious reality of anyone pursuing a degree. What I didn't know then, perhaps due to my own naivety or lack of advising, was the degree to which my student loan debt would affect my life and future. This is why the provisions to improve financial advising included in the Higher Ed Lower Debt bill are so important. As a 17 or 18 year old applying to schools, or even four years and $30,000 later, navigating student federal and private aid is confusing and intimidating. Had I had access to more comprehensive financial counseling, I may have better understood what I was signing up for, but that alone does not solve my student loan problem.
I have worked at jobs on and off campus every semester of school, yet the savings account I built in high school is gone. I currently have a full course load and am working 20 hours a week, and I am relieved to say that, for the first semester in my four years, I am earning more per month than the cost of my rent. For many students, myself included, the idea of "working your way through college" means only surviving month to month- paying rent and buying food- and doesn't put a dent in tuition or loan repayment.
I have no idea where I will be one year from now, but, like many of my peers, I have begun my job search with the terrifying understanding of the burden of my growing debt. I have found my passion in government and public service, careers that typically offer relatively low income. I love Madison and have spent my whole life in Wisconsin, but I am looking outside the state to find jobs that will fit my needs. This bill, through its comprehensive loan refinancing and tax incentives, may keep students like me living and working in our great state. Keeping more money in the pockets of young, productive people while simultaneously stimulating the state economy seems like a win-win to me.
I am lucky to be in a city I love studying a subject I am passionate about, but that is no longer enough to survive. It is truly sad that my goal upon graduation will not be finding a fulfilling job serving others, but finding a job that will keep me afloat while paying off my loans. Refinancing student loans will not solve the overall problem of skyrocketing tuition rates, but it will relieve some of the burden on Wisconsin students, allowing us to start our futures here and reinvest in Wisconsin.

Thank you for your time and your consideration of this important bill.

Lizzy Schounard
UW-Madison Class of 2016

ONEWISCONSIN
INSTITUTE

Summary

- October 2011 Web Survey of 2,658 individuals, collected via a membership email database (Wisconsin-based statewide not-for-profit organization).

- Among survey respondents with bachelors or advanced degrees, more than one in three are currently making a monthly student loan payment
  - Individuals in middle- and lower-income brackets were more likely to report having a monthly Student Loan payment

- Wisconsin middle class residents with Student Loan debt were significantly more likely to purchase a Used vehicle, rather than a New vehicle, when compared to those without Student Loan debt
  - New vehicle purchases are a closely watched indicator within the Auto Industry
  - Statistically significant results at all annual household income levels below $150k.

- Significant economic impacts of Student Loan debt were observed:
  - May reduce New vehicle spending by as much as an estimated $201.8 million annually in Wisconsin.
  - Strong correlation between Student Loan debt and renting, rather than having a mortgage or owning a house outright (barrier to broadly accepted policy goal of encouraging home ownership: "American Dream")

- Since implementation of the *Student Loan Marketing Association Reorganization Act of 1996* (Sallie Mae Privatization Act), survey data suggest a significant increase in the number of student loan borrowers who have consolidated their loans

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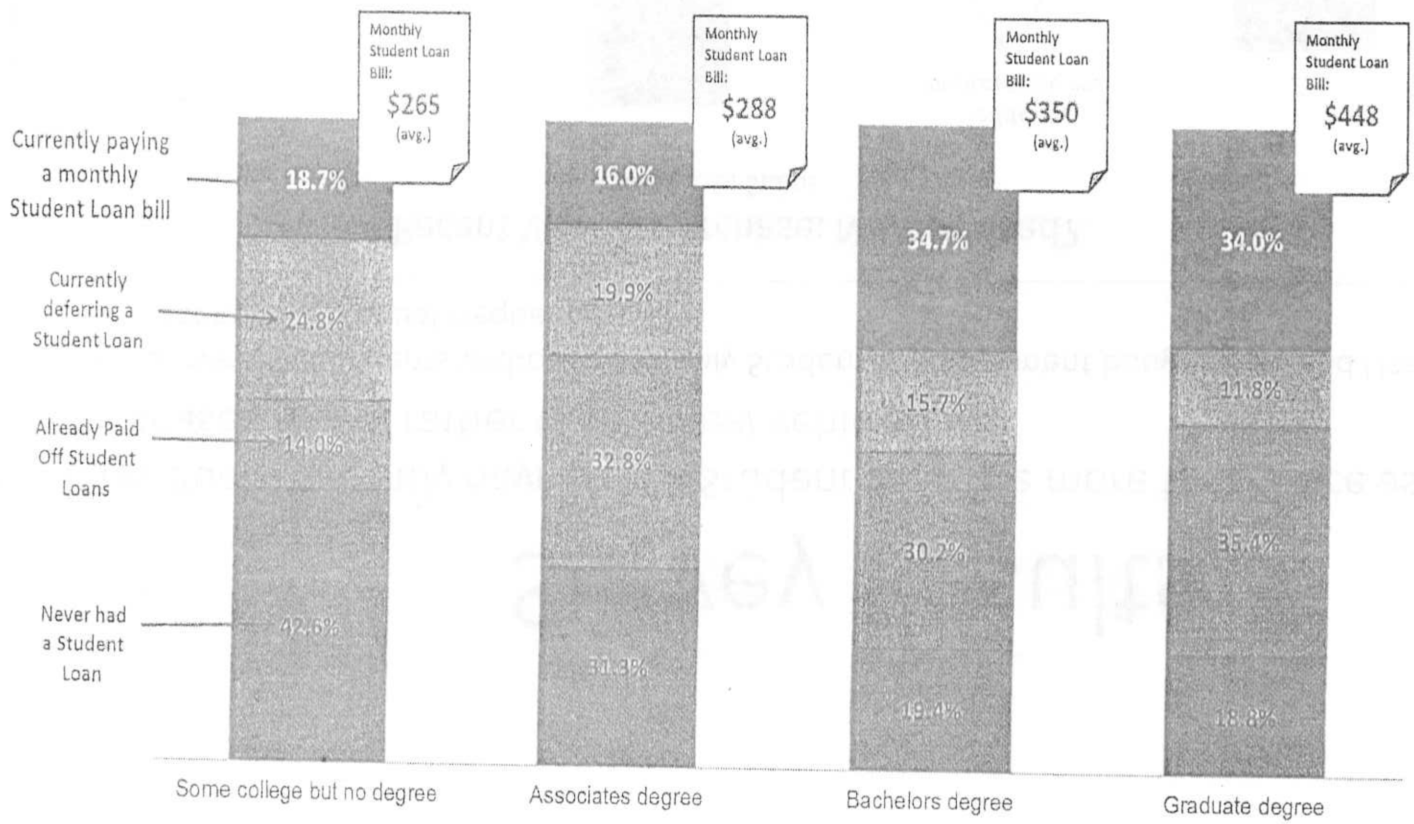
ONEWISCONSIN INSTITUTE

Survey Results

- Among survey respondents with bachelors or advanced degrees, more than one in three currently have a monthly student loan payment
  - Reported average monthly student loan amounts were $350 for individuals with bachelors degrees and $448 for individuals with graduate or professional degrees



Avg. Total Monthly Student Loan Payment (for those currently paying):

$388

Individuals with Bachelors or Graduate degrees represent an estimated 25.8% of the total population of Wisconsin (US Census American Community Survey 5-year estimate, table S1501)

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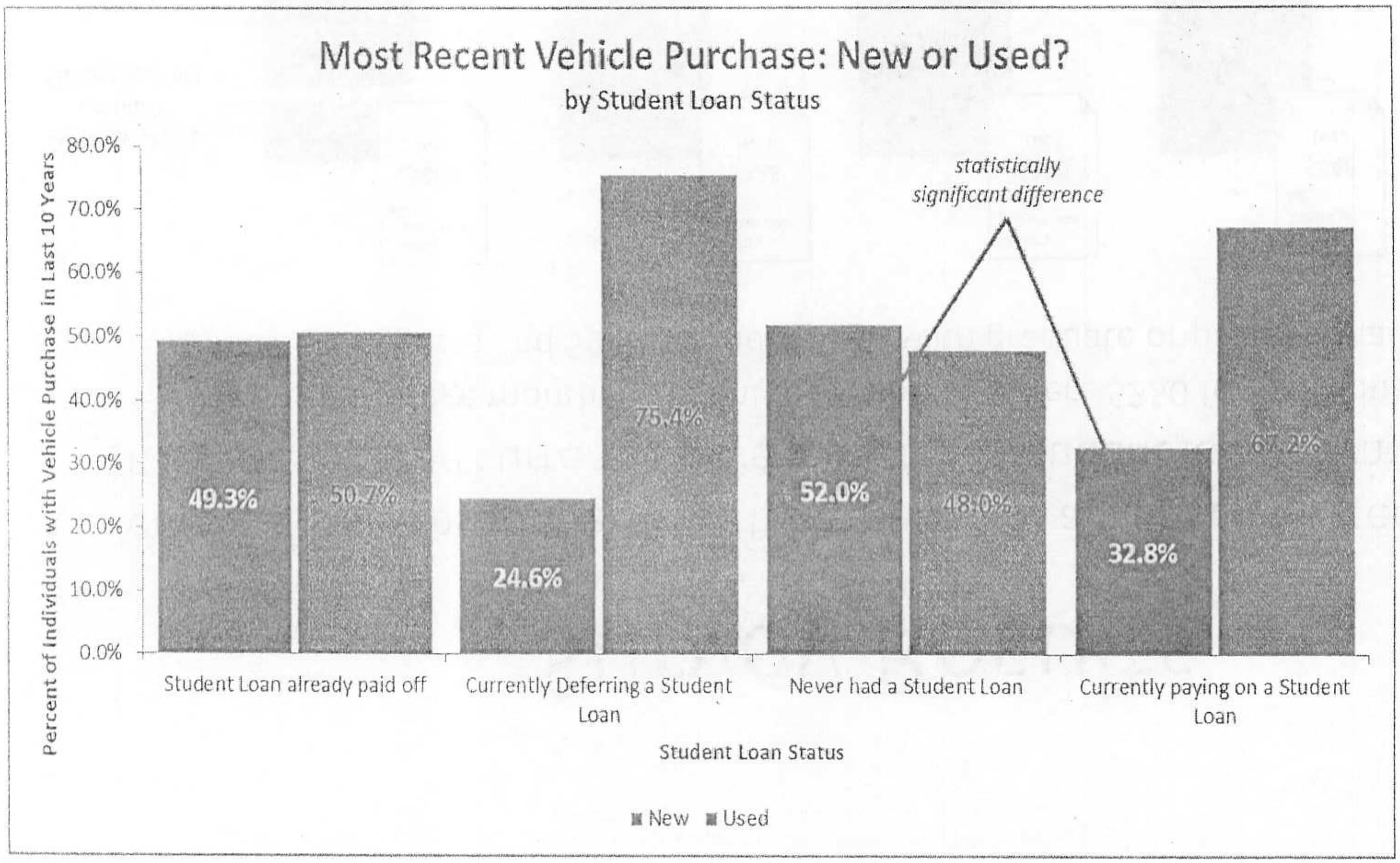
Survey Results

- Individuals currently paying on a Student Loan are more than twice as likely to purchase a Used, rather than a New vehicle.
  - Survey Respondents without a monthly Student Loan payment bought New and Used vehicles at essentially an equal frequency.



Likelihood of Buying a New Vehicle rather than Used (.05 confidence level):

Never had a Student Loan: **52.0%**
(.05 conf. level: 48.4% - 55.7%)

Paying a Student Loan: **32.8%**
(.05 conf. Level: 29.4% - 36.2%)

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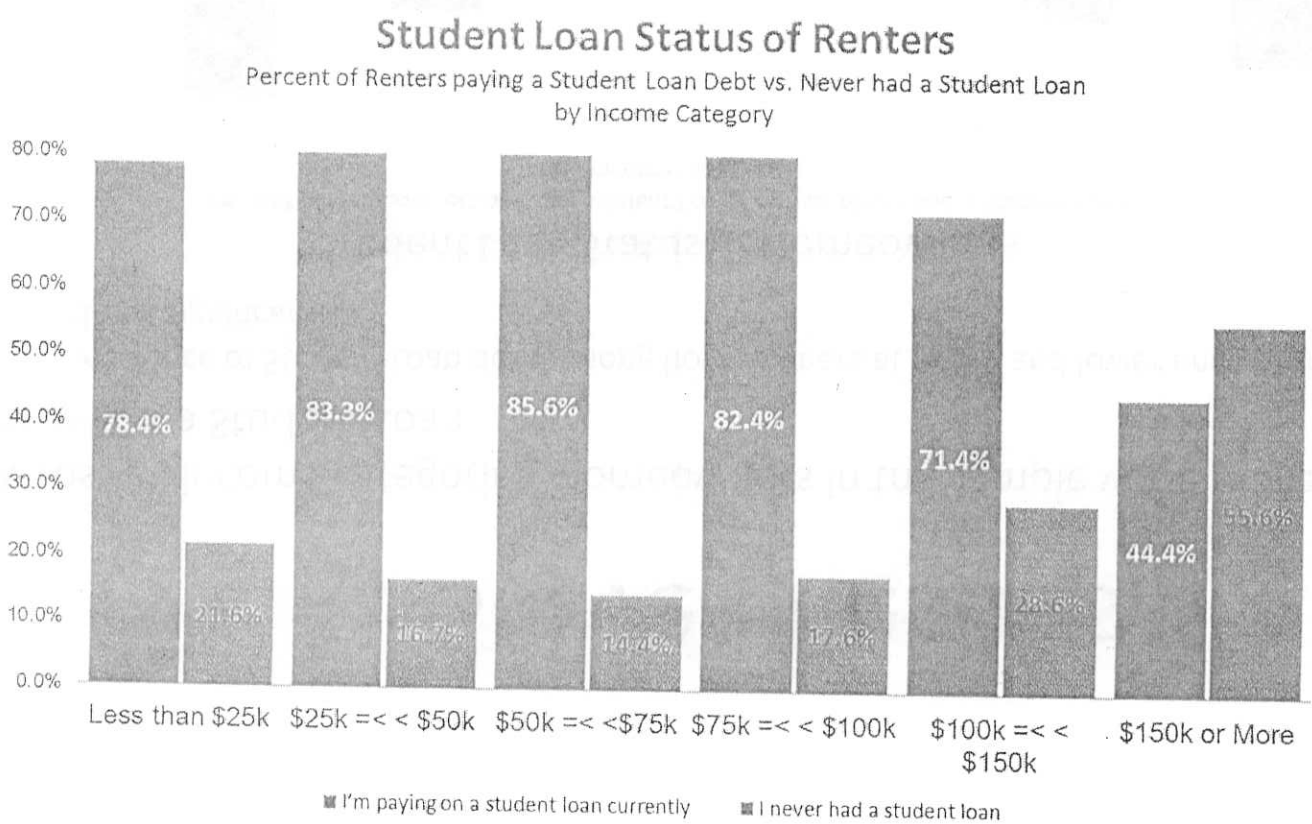
Survey Results

- Across all income categories, there appears to be a strong correlation between Student Loan debt and renting: renters in the sample were overwhelmingly currently paying a student loan
  - 85.6% of renters with a household income of $50-$75k are currently paying on a student loan



Data suggest a strong correlation between Renting (as opposed to homeownership) and Student Loan debt, decreasing as income exceeds $150k

n=546

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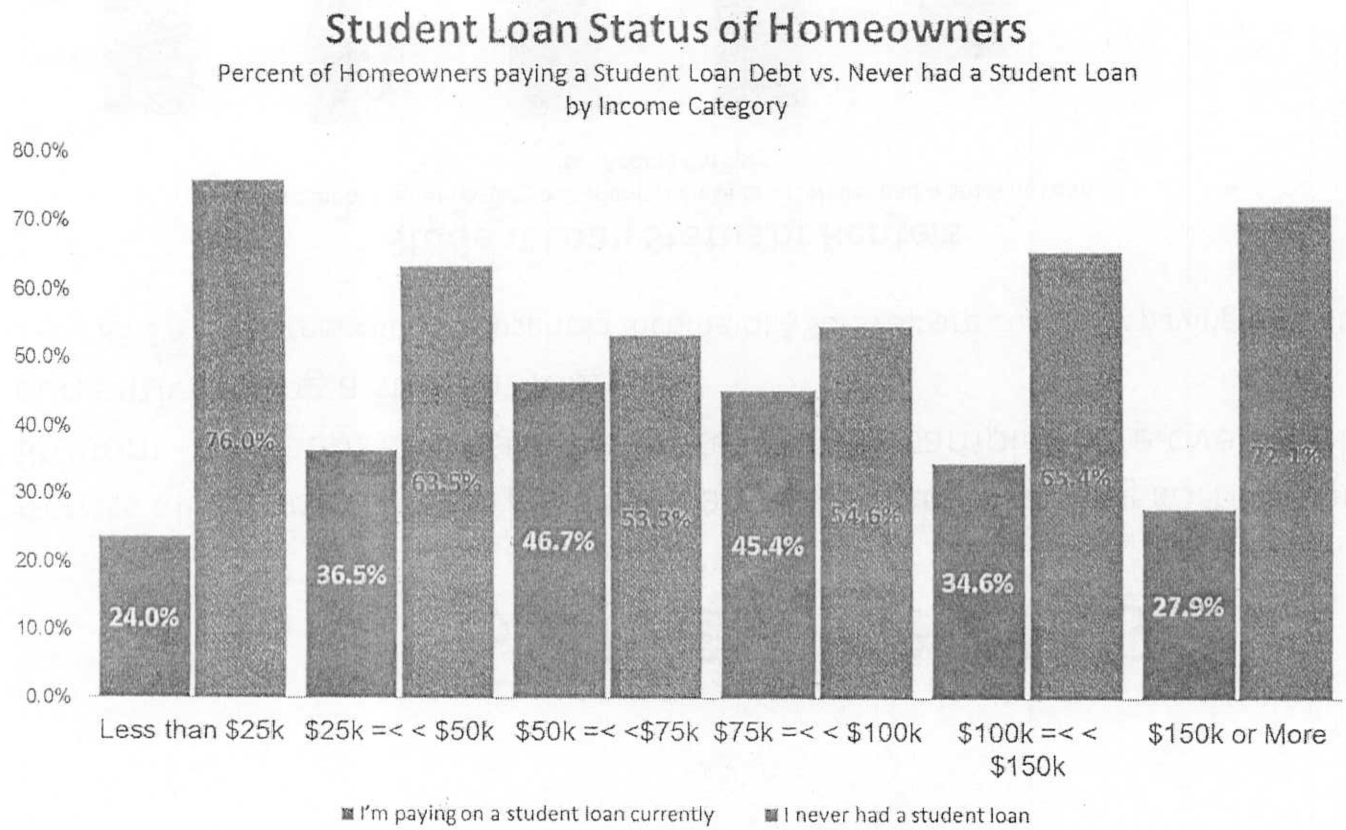
Survey Results

- Across all income categories, homeowners in the sample were more likely to never have had a Student Loan
  - Incidence of Student Loan debt among homeowners at upper and lower ends of the income scale drops significantly



A middle-class issue:
Homeowners with household income of $50-$75k:
53.3% Never had a Student Loan
46.7% Currently Paying a Student Loan

n=1,229

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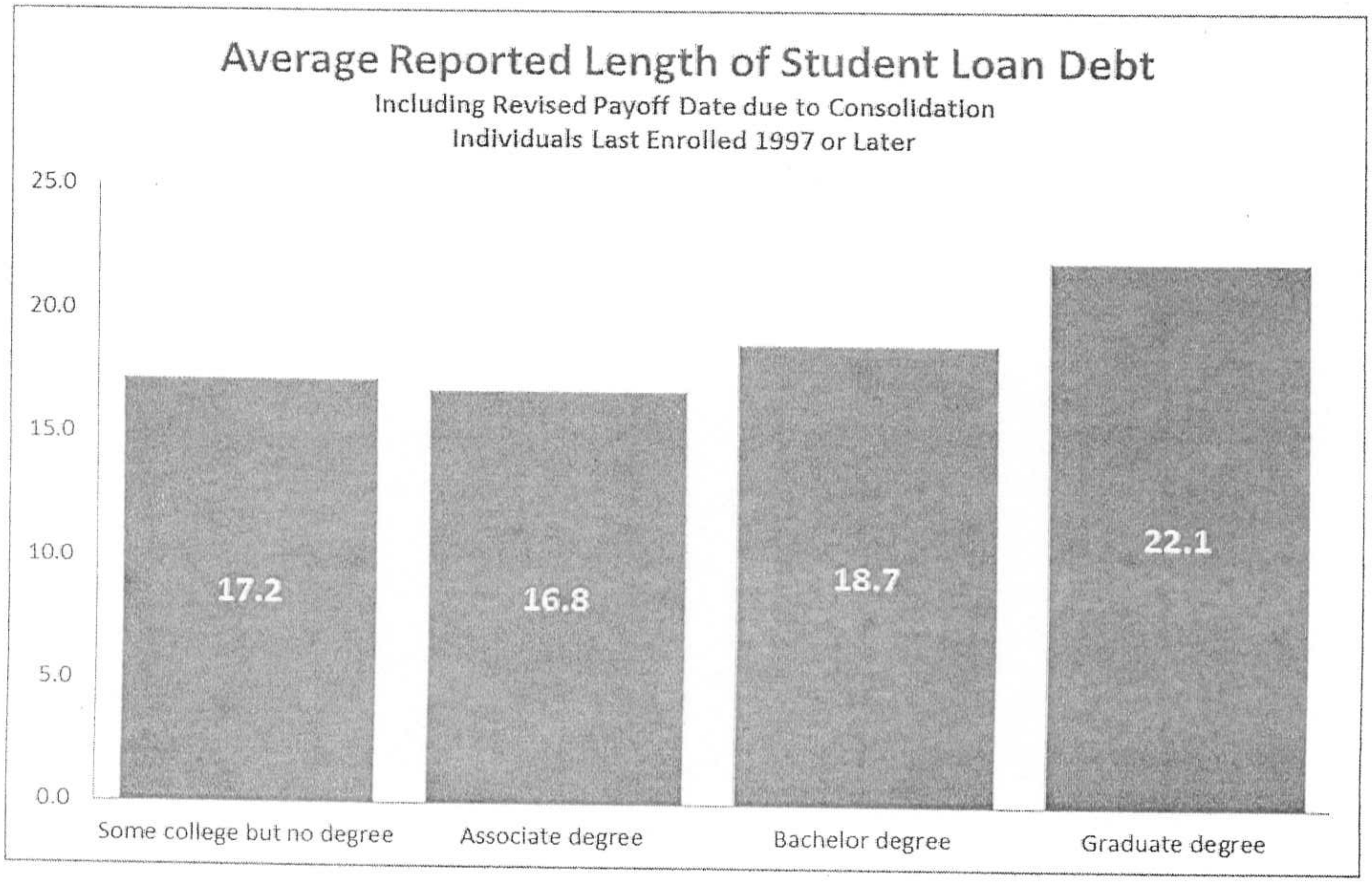
Survey Results

- Average current length of repayment period varies by level of education
  - 20-year repayment limit forgiveness programs appear more likely to benefit borrowers with Graduate Degrees than individuals with other levels of educational attainment



Sample Means calculated for respondents last enrolled 1997 or later to more accurately measure current financing environment
n=846

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ONEWISCONSIN INSTITUTE

VERIDIAN
HOMES

October 5, 2015

Dear Senator Harsdorf and Universities and Technical Colleges Committee Members:

My name is Jeff Rosenberg and I am President of Veridian Homes. We are an award winning, family-owned home building company located primarily in Dane County. Our company philosophy leads us to go beyond just building great homes, we also strive to build great neighborhoods and strong communities with an emphasis on environmental responsibility.

Thank you for holding today's public hearing on Senate Bill 194. I appreciate you and the committee taking the time to examine both this proposal and the very serious issue of student loan debt in Wisconsin.

There is perhaps nothing more symbolic of middle class success and the American Dream than owning one's home. At Veridian we strive to meet our larger mission of building a stronger community by helping everyone who is qualified fulfill that dream by building a sense of place to raise their families.

Tough economic times come and go, challenging Veridian and the entire real estate industry. But something is different about this latest cycle in the real estate industry, and in part it is driven by the explosion of student loan debt. Primarily serving the Dane County market we find this issue is quite acute and impacts not our own business but the health of the larger community.

The burden of student loan debt can directly stand in the way of a first time buyer and purchasing their dream home because of bad credit or too much existing debt in the form of student loans for a bank to approve a mortgage loan.

For example, national research from the Federal Reserve Bank of New York and, closer to home, from One Wisconsin Institute both found a significant and negative impact on the ability of student loan borrowers to purchase a home.

The student loan debt crisis also erodes our economy in subtle and less quantifiable ways --leaving student loan borrowers feeling helpless, like their education has become an albatross that prevents them from fully entering the middle class. When it comes to homeowners, if they are not putting off buying a home outright, they may purchase a home that is less than what they would have otherwise, if not for their debt.

Housing construction and real estate sales are a leading indicator of economic vitality and a critical driver of economic prosperity in Wisconsin and across the country. There is no question, from my perspective on the front lines of the housing industry, that student loan debt is a challenge to our industry today, and if left unchecked represents a significant threat to the recovery of the housing industry specifically and economy generally.

For the health not just of my business, but the housing industry, our communities and our entire state economy I implore you to give serious consideration to Senate Bill 194 and other efforts to stem the burgeoning student loan debt crisis in our state.

Sincerely,

Jeff Rosenberg
President
Veridian Homes, LLC

VERIDIAN HOMES, LLC
6801 South Towne Drive   Madison, WI 53713   Phone 608.226.3100   Fax 608.226.0600
www.veridianhomes.com

ONE WISCONSIN NOW

TO: Members, Senate Universities and Technical Colleges Committee
FROM: Scot Ross, Executive Director One Wisconsin Now/One Wisconsin Institute
RE: Senate Bill 194
DATE: October 7, 2015

Thank you for the opportunity today to testify today in favor of Senate Bill 194, the *Higher Ed, Lower Debt Act.*

Rising levels of student debt is a crisis. With the continued failure to act, it will blossom into an economic catastrophe, undermining the American ideal that hard work and a good education or job training are the keys to a better economic future.

Today in the United States student loan debt is approaching $1.3 trillion and in Wisconsin borrowers owe over $18 billion in federal student loan debt alone. The loans 43 million hard-working Americans, including nearly one million in our state, took out to fund their higher education or job training now exceed their credit card debt or their auto loan debt. And the crisis is getting exponentially worse, in 2000 student debt was $200 million.

Students and their families are increasingly squeezed by a system in which state support for higher education is stagnant or falling. Meanwhile, big banks borrow money from the Federal Reserve at extremely low rates while charging students up to double-digit interest on loans. Even the federal government is in on it, standing to reap profits of nearly $50 billion from student interest.

In collaboration with the national think tank Demos, earlier this year One Wisconsin Institute issued a joint report finding the confluence of the these factors is endangering the quality of institutions of higher learning, threatening our state's economic competitiveness and the future of its young people.

Senate Bill 194 is an important step to help borrowers manage their debt as we continue to fight for additional college affordability reforms.

And here's why that is important.

Earlier original research by One Wisconsin Institute on the impacts of student loan debt on borrowers economic activity found significant, and negative effects that ripple through our entire economy. Instead of creating new businesses, spending money in the community, buying automobiles and purchasing homes, graduates are being sentenced to decades of debt.

Our web-based survey generated detailed responses about their finances from 2,658 Wisconsinites representing a cross-section of demographic groups.

Among respondents with degrees, more than one in three were making a student loan payment, and individuals in low and middle income brackets were more likely to report making loan payments.

WEBSITE: WWW.ONEWISCONSINNOW.ORG • EMAIL: OWN@ONEWISCONSINNOW.ORG
152 West Johnson Street, Suite 214, Madison WI 53703 • (608) 204-0677 • FAX: (608) 204-0689

The average reported monthly loan payment was $388 – with an average range of $265 for individuals with some college but no degree, $350 for individuals with a Bachelor's degree and $448 for those with graduate degrees.

Our survey respondents also reported the average loan terms of 18.7 years for Bachelor's degrees and 22.1 years for advanced degrees.

This debt significantly impacts these families economic activity in areas that are key drivers of our economy – new vehicle and home purchases.

Households with student loan debt were more than twice as likely to purchase a used, rather than new, vehicle. Meanwhile households without a monthly student loan payment bought new and used vehicles at basically the same rate.

We conservatively estimated at the time that student loan debt among Wisconsin households reduced new vehicle spending by over $200 million annually.

Student loan debt and renting, versus owning a home, are also strongly correlated.
Consider that 85.6% of renters with a household income between $50-$75,000 are paying on a student loan. Across all income categories, homeowners were more likely to have never had a student loan, 53% in the $50-$75,000 income range.

With the legislation before the committee today, Wisconsin has the opportunity to seize the mantle of leadership in fighting the student loan debt crisis. *Higher Ed, Lower Debt Act* offers common sense solutions like allowing refinancing of loans, expanding a current state tax deduction to include student loan payments and providing borrowers and legislators with more information upon which to make their decisions.

It is not a handout to borrowers. It is instead a step towards restoring fairness for people who have done the right thing – working hard to get an education and taking on the personal responsibility for paying for it.

Thank you for your time, I hope you will take the opportunity to help hundreds of thousands of hard working Wisconsinites and not just hear the need for reform but vote to approve Senate Bill 194, the *Higher Ed, Lower Debt Act*.