

Today, 43 million Americans are drowning in \$1.75 trillion in student debt.

That debt is preventing generations of Americans from pursuing their dreams and seeing their hard work pay off.

It holds people back from buying a house, starting a business, getting married, starting a family.

Earlier this week, this Committee held a listening session to hear from workers about how student loan debt has impacted their lives and undermined the dignity of their work.

We heard about how borrowers face impossible choices between doing the work they care about and trying to pay off mountains of student debt.

Megan Bailey, a social worker in rural Montana, realized that to afford college, either she would be saddled with enormous debt, or her parents would be – jeopardizing their retirement.

Megan took on the debt herself and now owes more than \$200,000. She sacrificed her financial future in order to make sure her parents could retire.

That's a choice no one should have to make.

It wasn't supposed to be like this.

Taking on debt to pay for college is supposed to be an investment in your future – an investment that pays off in the long run with a higher-paying job and a promise of middle-class stability.

It's what we tell people about the American Dream: work hard, play by the rules, and you'll get ahead in life.

It's what Rae from Toledo, Ohio believed.

She thought that if she took on debt to go to college, if she worked hard, if she dedicated herself to public service, she would get ahead.

Instead, Rae has paid \$96,000 on \$75,000 in student debt she owed, and is nowhere near being done with these loans, despite having a job and working hard every day.

The overwhelming number of borrowers do play by the rules, they do work hard.

Go to college? Check. Get a job? Check. Work hard? Check.

But instead of achieving the American Dream, borrowers are trapped in debt and economic instability.

The debt trap is even worse for borrowers of color.

90 percent of Black students and 72 percent of Latino students borrow to attend college, in comparison to 66 percent of white students.

This isn't an accident. This cycle of debt is a direct result of bad policies.

We haven't invested in public education the way we used to – pushing tuition higher and higher, and pushing students to take on more and more debt.

In 2020, more than half of all bachelor's degree recipients from public and private 4-year institutions graduated with student loan debt, and owed an average of \$28,000.

The days that some of us remember are long gone, when hard work at a part time job could put you through school

Too many of the debt-forgiveness programs that students are told they'll be able to count on are mismanaged – or not really managed at all – by student loan servicers.

The Income-Driven Repayment program is supposed to erase eligible borrowers' debt after making enough payments. Yet it has only canceled the student debt of 32 out of 4.4 million Americans who are eligible.

Not 32 thousand. Not 32 hundred. Just 32 people, out of 4.4 million.

Many of these borrowers have been enrolled and making payments for 20 or 25 years.

According to a recent NPR report, loan servicers failed to properly count qualifying payments and did not accurately track borrowers' progress towards cancellation for millions of people.

Those are some pretty big mistakes.

We created this program to protect people from being trapped in debt forever.

Clearly it isn't working.

Congress also created another program designed to forgive student loan debt: the Public Service Loan Forgiveness program.

We promised these students that if they dedicated ten years to public service, their loans would be forgiven.

Yet, because of poor servicing, 98 percent of eligible borrowers are rejected for public service loan forgiveness. 98 percent.

One of those rejected was Deborah Harburger from Maryland. Deborah has been a social worker for the state of Maryland more than 18 years.

She should have had her debt forgiven five years ago, yet she was rejected for public service loan forgiveness in 2017.

That's five years of monthly payments that could have gone to her savings, her retirement, her college savings for her two children.

Servicer mismanagement, particularly of these two programs, has led to borrowers having larger debt for longer periods of time.

The Biden Administration recently implemented a temporary PSLF waiver to allow rejected borrowers to re-apply for forgiveness.

That allowed Emily Robinson, a teacher from Georgia, to finally have the remaining \$22,000 of her student loan debt forgiven.

She has taught for 17 years, and was rejected for loan forgiveness once before. Emily told us that she finally received her "Thanksgiving miracle" when all her student loans were forgiven. She said when she saw the remaining balance on her loans at zero dollars, she started crying.

Now that her loans are forgiven, Emily says she can start saving for retirement. That's after 17 years as a public servant.

This was an important first step by the Biden Administration.

But it's not enough. The Biden Administration has the power to change the financial lives and future of millions of borrowers by forgiving meaningful portions of student debt.

The CFPB has a role here as well.

Student loan servicers need to be closely supervised to ensure borrowers receive the forgiveness they earned, through the programs that Congress established.

Under the Trump Administration, the CFPB was not concerned with the average worker. But under the leadership of Director Chopra, the CFPB is finally working to hold these student loan servicers accountable.

Americans should not be trapped by a system that was supposed to be their opportunity to work their way into the middle class.

I'm calling on the Biden Administration to think about borrowers like Emily, Rae, Megan, and Deborah who have worked hard their entire lives and are still drowning in debt.

You have the power to reform this broken system, to give people power and agency in their lives again, and to unleash the potential of a generation of Americans.