Testimony of
Robert Geremia
Teacher, Washington Teachers' Union and American Federation of Teachers

Senate Committee of Banking, Housing, and Urban Affairs
Financial Institutions and Consumer Protection Subcommittee Hearing
June 4, 2014

Mr. Chairman and the distinguished members of this committee:

Good morning. My name is Robert Geremia, and I am a social studies teacher at Woodrow Wilson High School in the District of Columbia. I am also a member of the American Federation of Teachers (AFT) and the Washington Teachers' Union (WTU). On behalf of the Wilson community and the members of the AFT/WTU, I want to thank Chairman Brown for the opportunity to testify on my experiences with student loan debt and repayment. I hope that sharing my experiences will lead to changes in the financial aid process that will make it easier for students and their families to pay for higher education, whether at the undergraduate or graduate level.

I have always known I wanted to become a teacher, probably going back to kindergarten. Growing up in Rhode Island in a family of teachers, I always felt I could make the world a better place by helping kids. I graduated from Rhode Island College with a bachelor's degree, having double-majored in secondary education and history. While I was fortunate that my parents were able to cover my college tuition, I still had to work to cover books and expenses during my undergraduate years, so I started my teaching career, like so many of my colleagues, with some credit card debt.

Upon graduation, one of my professors urged me to spend at least two years in an urban area and that is how I ended up in Washington, D.C., in 2003. I was hired by the District of Columbia Public Schools to fill one of 200 vacancies. I have to say I was not fully prepared for the high cost of living in

Washington, D.C., on a starting teacher's salary. My first position in 2003 was at H.D. Woodson Senior High School; I then moved to Alice Deal Middle School, where I taught for six years, and have been teaching in my current position at Wilson High School for the past three years.

After several years, I knew I needed to further develop my teaching skills. But I didn't want to take time off from teaching, and I knew that going to school for my master's degree at night would take my energy and focus away from my students. In 2009, I was accepted into one of the best and most respected teaching programs in the country, and elected to attend the Intensive Summer Teacher Education Program (InSTEP) at Teachers College, Columbia University. Through this program, I was able to earn my master's degree in Social Studies Education over three consecutive summers. The program was the right professional choice for me.

In order to attend this highly regarded program, I had to take out several loans, despite my full-time salary. On top of tuition and fees, I had to account for two apartments—I could not contractually sublet my apartment in D.C., and it was cheaper for me to find a place in New York on Craigslist than stay in campus housing. In addition, I had to pay for travel to New York, books and the other typical living expenses. I would like to point out that while the focus of college affordability is often on tuition, it was really these other expenses that drove up my borrowing. After three summers, I graduated with my master's degree and approximately $37,000 of debt. While I received some grant money during my program of study and subsidized loans of $25,500 for three years, I had to take an additional $11,500 in unsubsidized loans.

As I am working to paying off these loans, I have been puzzled by many things. First, my loans have switched providers twice. Originally, my loans were processed through Direct Loan Servicing with the U.S. Department of Education. They were transferred to EDGEucation Loans on April 15, 2013, and transferred again on Aug. 5, 2013, to MOHELA. While it has never been quite clear to me why the transfers were made, my personal account information has evidently been transferred as well, as the automatic withdrawal for payment continues without me having given any consent. As a matter of fact, an additional amount was debited from my checking account when the loans were transferred the last time. Second, when I recently had time to set up an online account for my loans, I found that information about my loan, including payoff dates and interest rates, was available. That information was never provided to me on my paper statements. These issues of transparency make me wonder how individuals who do not have ready access to a computer, or do not know that they should check their credit reports, keep track of their accounts.

I have been teaching for 12 consecutive years and earned a rating of “Highly Effective” teacher. Yet my financial life, in many ways, has been put on hold because of the loans I have taken to stay in the classroom with the level of training my students—and our community—deserve. My loans have a current interest rate of 6.55 percent, meaning that I will pay a total of $11,000 in interest **on top** of the $37,000 principal. It is hard to see how I can save to buy a home with this debt burden, though I could secure a mortgage with an interest rate at about 4 percent. My car loan has an interest rate of 1.9 percent. Yet there is nothing I can do to lower my 6.55 percent student loan interest rate. In fact, while we can all acknowledge that my interest rate of 6.55 percent is high, the average interest rate for student loans is expected to increase in a few short years, based on the new formula to calculate interest rates passed by Congress last year. If I thought the interest rate on my car or home was too high, with my good payment history in today’s market I would be able to refinance to a lower rate. Yet I do not have this option for my student loans.

Unfortunately, I am not even close to alone in facing these difficulties. According to a report recently released by researchers at the Center for Culture, Organizations, and Politics at the University of California, Berkeley, “Borrowing Against the Future: The Hidden Costs of Financing U.S. Higher

Education," America's entire higher education system is costly and largely inequitable. In 2012, the United States spent nearly $525 billion on higher education, which amounts to about twice as much per student as comparable industrialized countries. In that same year, $45 billion—that is, nearly 1 of every 10 dollars spent on higher education in the United States—was pure profit that commercial banks made from servicing the institutional debts of colleges and universities, from student loan interest payments, and from profits made by for-profit educational institutions. It was not spent on instruction or student support services.

Student loan interest payments were a major cause of this cost increase. The mean total debt of new graduates with four-year degrees increased dramatically from 2001 to 2009. For graduates of public institutions, it increased from $9,437 to $21,100; for graduates of private nonprofit schools, it increased from $13,650 to $21,113; and for graduates of for-profit schools, it climbed from $19,220 to $36,536. More debt, higher interest rates, and more profit for the commercial sector—all at the cost of our future economic producers, our students.

With more and more students being forced to take on debt, I believe we must make it easier for them, whether they are pursuing their undergraduate degrees or returning to school for graduate studies, not only to have access to grants and loans, but also to be guaranteed that the conditions of the loans will be transparent, secure and locked in at a fair rate, certainly one comparable to or lower than that for a car or home loan. Ideally, students should leave college with little or no debt and be able to invest in upgrading their skills at a low cost.

I want to note that I took these loans as an adult who already had a bachelor's degree and had been in the workforce for several years. I made a decision to get an advanced degree to be able to further my career and benefit the students I am committed to serving. In Finland, for example, where students outperform ours on international assessments, master's degrees are required for all teachers but are fully subsidized by the government. I recently learned that I am likely eligible for two programs that could help lower my monthly payments and shorten the life of my loan: income-based repayment (IBR) and Public Service Loan Forgiveness. And I know there is another Teacher Loan Forgiveness program and a Perkins loan forgiveness program I do not qualify for. These confusing and sometimes contradictory programs are no way to build a high-quality teaching force. I think many college students would be more likely to pursue teaching, and many of my colleagues would be more inclined to pursue advanced degrees, if these programs were streamlined and better understood. I suggest Congress find a way to reach out proactively to teachers about these options.

Because the process was so convoluted for me, I worry about what will happen to my students, many of whom, as I testify today, are about to graduate and take on loans. Many will be the first generation in their families to attend college. Others have worked hard and been admitted to the nation's top colleges and universities, but will be unable to attend because of costs. I'm afraid some of my students don't understand the ways high interest rates and basic living expenses will multiply their debt, and I hope they do not have to learn the way I did. Why should the terms of the loans and the complications of the loan process dictate where they decide to go to school or what careers they will pursue? When they graduate, I don't want them to be faced with the same lack of transparency and confusion I have faced in financing postsecondary education. I hope that Congress can find a way to ease the burden on students and families, and make attending college and continuing education more affordable. I fear if we do not, the economy will fail to fully recover, as a generation of workers, like myself and my peers, will be too saddled with debt to invest in housing or businesses, or to make career choices based on anything other than earning potential.

Thank you, Mr. Chairman. I look forward to responding to your questions.