Senate Banking Committee
Economic Policy Subcommittee
Hearing on Protecting Student Loan Borrowers and the Economy in Upcoming Transitions
July 27, 2021

Good afternoon,
I'm Randi Weingarten, president of the American Federation of Teachers.
Our union represents 1.7 million teachers and paraprofessionals, nurses, higher education faculty and staff, and public employees. In other words, AFT members work in professions that make a difference in the lives of others—professions that require college degrees, which means our members have been increasingly burdened by unsustainable college debt.

Over the last year and a half, members of these very professions have done heroic work, keeping our communities up and running, caring for patients in COVID-19 wards, and educating our children during a school year like no other. Our teachers and school staff from pre-K through college are planning a full return to in-person learning, and they know they will need to make their students feel safe and welcome amid the myriad crises facing our nation. A survey we did with the Rand Corp. showed 78 percent of teachers reported experiencing frequent job-related stress—almost twice as many as most other working adults during the pandemic. And now, for many, the looming restart of student loan payments in the fall is deeply concerning and potentially ruinous financially.

I am here on behalf them to raise concerns, especially in light of the news that the Pennsylvania Higher Education Assistance Agency (PHEAA) will no longer service student loans.

Most AFT members are eligible for Public Service Loan Forgiveness, but after 3 1/2 years, the Education Department is still rejecting 98 percent of applications and has nearly 150,000 PSLF applications in backlog.

The Biden administration inherited a broken system and wisely extended the moratorium on student debt that the Trump administration enacted. Combined, the two have effectively canceled over $90 billion in student loan interest.

The Biden administration and the Education Department can restore the promise of PSLF now—before student loan payments resume this September—and immediately discharge debts for all borrowers who have completed at least a decade of public service while paying their federal student loans.

Borrowers need real relief, not a mirage. They need help from a government that promised to forgive the remainder of any debt still unpaid after 10 years of payments if they went into public

service. And they need a reason to tell the next generation of borrowers that public service work is meaningful and valuable, not a clear path to a lifetime of debt that will force them to make terrible decisions about whether to pay their loans, buy a home or put food on the table.
Take, for example, Christine Conlon, a school-based occupational therapist in Staten Island, N.Y. For years, Christine has kept detailed notes about her student loan payments, but she can't get PHEAA to reconcile its records with the evidence she is repeatedly providing to them. Christine should be just a few years away from PSLF if not for the problem of PHEAA failing to properly record her payments, and that has meant she has put off major life choices like buying a home.

Every day, horror stories like Christine's arise detailing borrowers who learn years into repayment that a technicality made them ineligible for PSLF, that their servicer lied, and that they will have to restart the 10-year clock toward PSLF—if they're still even able to do that. As countless lawsuits by state attorneys general have made clear, student loan servicing companies, like PHEAA—working on behalf of the department—have failed to provide borrowers with sufficient and correct information regarding PSLF eligibility.

The AFT has made extraordinary efforts to make PSLF work, but we've also had to deliver financially devastating news to our teachers, corrections officers and nurses, information their servicers and the Education Department should have given them years before. We have even had to go to court to seek the justice our members were not getting on their own.

And while servicer errors have plagued the PSLF program for years, this reality became blindingly apparent during the last administration. Now that the Biden-Harris administration seems primed to hold servicers accountable, those servicers, like PHEAA, are canceling their contracts instead of being subject to meaningful oversight. This is evidence of a system run catastrophically amok.

If the administration does not cancel student debt for public service workers before the fall, millions of them will be forced to transfer the loans currently serviced by PHEAA to new servicers that will inherit loans with paper trails that can never be untangled.

The problem is clear, and the solution is too: The administration should cancel debt for all public service workers who have made payments on their federal loans for a decade AND should cancel up to $50,000 of debt per borrower.

These actions will make a big difference for communities of color: 93 percent of the lowest-income Black households with student debt would experience total student debt relief with $50,000 in cancellation. And debt cancellation would be an immediate and long-lasting stimulus to our economy—increasing average yearly pay by $3,000 and increasing the gross domestic product by $1 trillion.

The promise of Public Service Loan Forgiveness remains broken, and while the Education Department recently took a positive step by soliciting feedback on these failures, public service workers can't wait for a fix or new rule years into the future. On behalf of millions of borrowers, I call on the administration to cancel student debt now.