

Opening Statement
Rep. Elijah E. Cummings, Ranking Member
Committee on Oversight and Government Reform

Middle Class Prosperity Project Forum on
“Tackling the Student Debt Crisis”

April 27, 2015

Thank you again for being here today.

I want to again thank Senator Warren for working with me on the Middle Class Prosperity Project.

Today’s forum is the fourth that we have convened to examine how we can ensure that the middle class gets a larger share of the return that their hard work creates for our country.

At our first forum in February, we heard from economists who told us that for the past several decades, the middle class has been working longer and harder—only to see their wages lag behind.

In March, we heard everyday Americans tell us how they were cheated out of their retirement nest eggs because they received advice from financial advisors that was not in their best interest.

And we discussed how a newly proposed fiduciary rule for retirement advisors could fight this trend.

Earlier this month, we took this project on the road to Boston where students, parents, and administrators described the massive amounts of debt they have had to take on just to get a slice of the American dream.

These challenges impact Americans of every demographic, age and background.

While we cannot share every student’s story, today we can add more voices to our discussion.

Students at Historically Black Colleges and Universities like Howard face unique challenges.

Because of entrenched racial disparities in wealth, African-American students are more likely to take on education debt than their white, Latino, or Asian-American peers.

These trends have contributed to tuition at HBCUs rising at a higher rate than other schools, and this makes it more difficult for some of these schools to serve their students effectively.

Many students—whether they attend majority institutions, HBCUs, community colleges, or for-profit schools—have to piece together scholarship funds, grants, and loans while working long hours to pay for their education.

This time of the year, students across the country are looking forward to graduation. But unfortunately, they are also looking over their shoulder at mountains of debt.

In addition to our student panelists, today we will also hear from individuals who have graduated college and entered the working world.

Although they received the education they sought, no one told them they would see dramatic increases in their interest rates and loan payments.

Now they are unable to save for retirement. Or put their children in day care. Or take their family on vacation.

And even when they are able to pay off their own student loans—after 10, 15, 20 years and longer—there is no a light at the end of tunnel.

That's because they have to start paying for their kids to go college, and more loans may be the only way to do that.

As a result, today, many middle-class families get trapped in an intergenerational debt cycle they cannot escape.

Although they have different backgrounds, today's panelists face the same bleak reality.

It is getting harder and harder for middle-class Americans to pay for higher education, still the most efficient ticket to the middle class.

What is more troubling is that even as Members of Congress, we don't really know what the U.S. Treasury is doing with the money we're taking from these students and families.

That's why today Senator Warren and I wrote loan servicers and the Department of Education seeking more answers about debt forgiveness for some graduates and more information about how the federal government uses the funds it collects on these loans.

As many have pointed out, the Government Accountability Office estimates that the federal government quote, "will generate about \$66 billion" from a recent group of federal student loans.

While this figure is an estimate, we are hopeful that the Department of Education can provide more concrete numbers.

What we do know is that these funds are not being fully invested in Pell Grants or student aid programs that help middle-class families afford college. We have to do something about that.

That's not the return on investment that students and families expect by taking out these large amounts of debt.

And it's not the return that American taxpayers expect from funding educational loans.

We must do better. The future of these students depends on it. The health of our entire economy depends on it. And the stability of our middle class depends on it.

Thank you.