

Higher Education and Employment Advancement Committee

Public Testimony of Connecticut Women's Education & Legal Fund (CWEALF)

HB 5130, An Act Concerning Student Loan Forgiveness For Nonprofit Employees

Submitted by Brandi A. Kennedy, MSW Policy Practice Intern

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The Connecticut Women's Education and Legal Fund (CWEALF) is a statewide nonprofit that advocates for and empowers women and girls in Connecticut, especially those who are underserved or marginalized. For forty-eight years, CWEALF has been a leading advocate for policies that advance the economic security of women across our state and promote gender equity in the workplace.

We urge the committee to support *H.B. 5130: An Act Concerning Student Loan Debt Forgiveness for Nonprofit Employees*.

Currently, 540,900 Connecticut residents hold approximately \$19.3 billion dollars in student loan debt, nearly the size of the General Fund budget.¹ Although there is no data specific to student loan debt and women in Connecticut, on a national level, women hold two-thirds of the outstanding U.S. student loan debt, or roughly \$929 million dollars². Student loan debt afflicts women, especially women of color, who pursue higher education as a means to progress their careers and strive to achieve generational wealth.

Connecticut universities and community colleges have consistently increased tuition and fees steadily each year. The cost to attend the University of Connecticut has increased 39% since 2015 and similarly on an upward trend, the cost to attend any Connecticut state university has increased 23%³. The burden of student loan debt to achieve academic and professional success is further compounded with a gender pay gap women experience immediately upon graduation. Overall in 2020 Connecticut women were paid just 83 cents for every dollar paid to a man⁴. The gender wage gap is significantly more severe for women of color in the state: Latina women on average earn 43 cents and Black women 56 cents for every dollar a white, non-Hispanic man earns⁵. Therefore, not only are women holding significant amounts of debt upon achieving their degrees, they are also met with less economic resources in the labor market to repay their loans.

The intersection of student loan debt and the gender pay gap means that it would take women significantly more work hours to earn a comparable salary to men, perpetuating a

system where women are overworked, underpaid and undervalued despite their educational achievements.

Approximately 70% of nonprofit employees are women; however, they disproportionately rise to the level of leadership as men. On average, women only hold 60% of nonprofit leadership positions⁶. Furthermore, the COVID-19 pandemic has magnified and stalled gains made towards closing the pay gap as layoffs, decreased hours and/or lack of childcare has forced many women who have outstanding student loan debt out of the workforce entirely. Additionally, there is growing evidence that shows the debt system that exists in America currently allows students to borrow uncapped amounts of money at extremely high interest rates, which creates an unsustainable and unjust imbalance upon graduates entering the workforce. Because interest rates will continue to grow on the loan balances, many women will find themselves negatively amortizing their student loans and facing an excess of payments that never allows them to advance in life. Women will be faced with the choice of defaulting on their student loans or affording basic necessities to survive. Student loan debt combined with gender pay gaps keeps women, especially women of color, consistently at a disadvantage.

As women, especially women of color, continue to live and work in Connecticut and through the COVID-19 pandemic, they need support. There are over 200,000 employees in Connecticut working in the nonprofit sector that generate almost \$37 billion dollars in annual revenue⁷. As a small nonprofit organization, composed of women, CWEALF supports H.B. 5130 as an essential piece of legislation that establishes an equitable solution for nonprofit and healthcare workers who continue to be plagued by their student loan debt. Connecticut has the opportunity to lead in supporting women pursuing higher education and promoting their opportunity to benefit the state with their skills in the labor market.

¹ Office of Legislaarch & Office of Fiscal Analysis (2022, January 27). *Student Loan Debt Relief*. Retrieved from https://www.cga.ct.gov/hed/related/20220127_Forum%20Student%20Loan%20Debt%20in%20the%20Time%20of%20COVID%2019/Office%20of%20Legislative%20Research%20and%20Office%20of%20Fiscal%20Analysis.pdf

² AAUW, Deeper in Debt. 2020 Update. Retrieved from: https://www.aauw.org/app/uploads/2020/05/Deeper_In_Debt_FINAL.pdf

³ see note 1

⁴ <https://nwlc.org/issue/equal-pay-and-the-wage-gap/>

⁵ see note 4

⁶ <https://www.philanthropy.com/article/why-women-dont-get-ahead>

⁷ <https://independentsector.org/resource/state-profile-connecticut/>