



## TESTIMONY IN SUPPORT OF HB 132

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Maryland House Appropriations Committee

Tuesday, January 18, 2022

Joe Horvath  
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Chair McIntosh, Vice Chair Chang, and Members of the Committee,

My name is Joe Horvath, and I am a visiting fellow at Opportunity Solutions Project. OSP is a non-profit, non-partisan advocacy organization that seeks to restore the path to self-sufficiency by removing barriers to work.

Thank you for hearing this legislation before your committee. I am submitting this testimony in strong support of HB 132.

This bill helps Maryland address a growing problem in the United States. Today, student debt totals more than \$1.7 trillion dollars, equivalent to roughly eight percent of the nation's Gross Domestic Product (GDP).<sup>i</sup> <sup>ii</sup> The average Marylander's student debt, specifically, totals more than \$43,000, the second highest in the nation trailing only Washington, D.C.<sup>iii</sup> Until presidential and congressional action that artificially reduced default rates on student debt, it was defaulted on more commonly than any other kind of personal debt.<sup>iv</sup> Accrual of student debt is, at times, an unavoidable cost of attaining a degree, but can also be the result of a simple lack of awareness of personal finances and economics, as well as the inability to plan ahead.

House Bill 132 would help young Maryland students and their parents by increasing access to important information on the cost of college, other training opportunities, and potential earnings data. This information will be delivered directly to its intended audience. It is smart, it is practical, and it is necessary. The end result is a connection: Students are connected with the kind of information they need to make informed decisions about school, work, and their futures.

Too many young people are forced to make one of the biggest decisions of their lives not only with an incomplete plan—but often with no semblance of one. “College is how you succeed in America now. Figure it out when you get there” is not good enough. Students can take out tens of thousands of dollars in loans with little more than a signature, without any real plan of how to pay off that loan. Many eventually struggle, particularly those who do not graduate in a timely manner, or those who do not graduate at all. Between 2014-2016, nearly four million undergraduates with student loan obligations dropped out, not realizing any income increase from college but suffering much of the debt.<sup>v</sup> Unfortunately, those who do not graduate have a default rate three times higher than those who do.<sup>vi</sup>

There are a multitude of opportunities available to young people, and there are ways to optimize the education experience and keep costs as low as possible. They just need to know about them. There are also opportunities outside the four-year, bachelor's degree process. With the cost of college growing at a rate almost eight times faster than wages, now is as appropriate a time as any to explore those options.<sup>vii</sup>

This bill is about raising up Maryland students, helping get the word out on our institutions of higher education, and partnering with employers in the state. It is a way to help connect students with the right school, graduates with the right job, and businesses with the right worker. This bill is pro-transparency, pro-growth, pro-education, and pro-student.

OSP applauds what this policy would do to make the cost of education more transparent and provide young Marylanders with much of the information they need to make a plan and decide their future. For these reasons, we strongly urge a favorable report for HB 132.

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<sup>i</sup> Federal Reserve, G.19 Report, Jan. 2022, <https://www.federalreserve.gov/releases/g19/current/default.htm>.

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<sup>ii</sup> Bureau of Economic Analysis, “Gross Domestic Product (Third Estimate), Corporate Profits (Revised), and GDP by Industry, Third Quarter 2020,” <https://www.bea.gov/news/2020/gross-domestic-product-third-estimate-corporateprofits-revised-and-gdp-industry-third>.

<sup>iii</sup> Melanie Hanson, “Student Loan Debt. By State,” Education Data Initiative, Aug. 2021, <https://educationdata.org/student-loan-debt-by-state>.

<sup>iv</sup> Jeff Cox, “Student debt is over \$1.6 trillion and hardly anyone is paying down their loans,” [cnn.com](https://www.cnn.com/2020/01/16/student-loan-debt-is-over-1point6-trillion-and-balances-arent-going-down.html) (2020). <https://www.cnn.com/2020/01/16/student-loan-debt-is-over-1point6-trillion-and-balances-arent-going-down.html>.

<sup>v</sup> Elissa Nadworny and Clare Lombardo, 'I'm Drowning': Those Hit Hardest By Student Loan Debt Never Finished College,” [npr.org](https://www.npr.org/2019/07/18/739451168/i-m-drowning-those-hit-hardest-by-studentloan-debt-never-finished-college) (2019). <https://www.npr.org/2019/07/18/739451168/i-m-drowning-those-hit-hardest-by-studentloan-debt-never-finished-college>.

<sup>vi</sup> Ibid.

<sup>vii</sup> Camilo Maldonado, “Price Of College Increasing Almost 8 Times Faster Than Wages,” [forbes.com](https://www.forbes.com/sites/camilomaldonado/2018/07/24/price-of-college-increasing-almost-8-times-faster-thanwages/?sh=475a6e4466c1) (2018). <https://www.forbes.com/sites/camilomaldonado/2018/07/24/price-of-college-increasing-almost-8-times-faster-thanwages/?sh=475a6e4466c1>.