

**United States Senate Judiciary Committee**  
**Hearing before the Subcommittee on Administrative Oversight and the Courts**  
**“The Looming Student Debt Crisis: Providing Fairness for Struggling Students”**  
**March 20, 2012**

**Testimony of Danielle Jokela**

First, I would like to thank Senator Durbin for inviting me to speak today, and also thank the members of the Committee for your time and patience while I tell you my story. It’s my hope that through coming here today, I can serve as a voice for the countless students that find themselves in a situation similar to my own.

Both of my parents were high school drop-outs. Of the five children that I grew up with, I am the only one who graduated from high school on a somewhat traditional path. I say somewhat, because although I did graduate from a traditional public high school, when I was a junior, my mom told me that she could not afford to support me and I was out on my own. I finished my last year of high school living on my own, working a fast food job that paid my rent and virtually nothing else. The odds were against me, but because of the personal value I have for education and my strong work ethic, I pushed through and managed to graduate in the top 1/3 of my class.

In 2004, I relocated from Minnesota to Chicago to attend Harrington College of Design, a Career Education Corporation school. With my background, I could not rely on my family for financial support, or guidance. As a result, I fully trusted the staff at Harrington to give me the guidance I needed, and to work in my best interests. They helped fill out the financial aid paperwork for my loans, made phone calls on my behalf, and worked diligently to ensure I had the funds I needed to pay for school. There was no discussion about what my interest rates were or what my actual debt load looked like. We never talked about what my monthly payments would be once I graduated. Compound interest was a concept I had never heard of, and of course it was never explained to me. I had no clue what sort of salary I could expect to earn upon graduation, and while my school claimed a very high job placement rate, nobody told me what percentage of graduates actually were working in their chosen field, or what their starting wages were.

In 2007, I graduated with highest honors, and received my BFA in interior design. I could not have been more proud of my achievements. My pride soon became dismay when I struggled to find work as a designer, and accepted a position doing admin work for a flooring contractor. Six months after graduation, all pride was gone when I began repayment on my student loans. I realized then that I had graduated with \$37,625 in federal loans and \$40,925 in private loans for a combined total of nearly \$79,000 that had ballooned to more than \$100,000 after interest and fees. My minimum monthly payment was more than half of my income. I took a six month forbearance, and stretched the pay back period from 15 to 30 years to make the payments more manageable.

After the forbearance, I resumed paying my loans until 2009, when I found myself looking for work. When I did find work, it was only as an independent contractor, again doing admin work, making far less than my previous salary. At that time, I took a second six month forbearance until I could get things stabilized. When I resumed payments, all progress I had made in the two

years prior had been erased. Fees were assessed and added to my balance so that I could take the forbearance, and compound interest kept accumulating, despite my financial hardship. This pushed my balance back up to \$100,000.

Today, five years after graduation, I have still not found work as a designer, and I still owe more than \$98,000 in student loans. I have 16 separate private and federal loans with Sallie Mae. Sallie Mae will not allow me to consolidate my private loans. I make one combined payment each month of approximately \$830. Nearly 28% of my current income goes towards student loan debt. Almost all of my loans have variable interest rates. The low interest on my federal loans makes them manageable, but my private student loans have interest rates ranging from 8% to 11%. If interest rates rise, so does my monthly payment, and the total amount that I will have paid back over the lifetime of the loans. 25 years from now, if interest rates hold, when I am finally done paying for my student loans, I will have paid nearly \$56,000 for my federal loans and nearly \$155,000 for my private loans - approximately \$211,000 towards a \$79,000 debt. That's a staggering 264%.

I'm out of options. I can't file bankruptcy because the vast majority of my debt is student loan and mortgage debt. I can't negotiate a settlement with Sallie Mae, and I can't stop paying my student loans. I don't want to destroy my credit. I don't want to have my wages garnished. Even more, I don't want to add on more fees, interest, and other costs to a debt that is already a burden I cannot bear. My only option is to give up my home. I am literally losing my home so that I can continue to pay my student loans and other monthly bills. It's the only option I have.

I'm here today to advocate on behalf of myself and the rest of the students who are trapped in the same situation, carrying an unreasonable debt load for the opportunity to try to improve our lives. I'm asking you to create legislation that will empower us to overcome this burden, and prevent future students from falling into the same trap. I ask that private student loans once again be dischargeable in bankruptcy, and that all schools be required to provide clear and full disclosure to students regarding the amount of their loans, interest rates and expected payments.

Education is the key to success for the American people, and every American should have the opportunity to pursue a quality education without the fear of excessive debt. Thank you again for your time, for the work you do, and thank you for listening to my story.