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THE MAINE SENATE
129th Legislature

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**Testimony of President Troy Jackson
in Support of LD 995, "An Act To Establish a Student Loan Bill of Rights To License
and Regulate Student Loan Servicers"**

Senator Sanborn, Representative Tepler and members of the Joint Standing Committee on Health Coverage, Insurance and Financial Services,

My name is Troy Jackson, and I represent the good people of northern Aroostook County in Senate District 1. I'm here to testify in support of LD 995, "An Act To Establish a Student Loan Bill of Rights To License and Regulate Student Loan Servicers."

To put it simply, there is a student debt crisis in this state and in this country. Too many hardworking people are taking out loans to afford some form of higher education in an effort to get ahead in their career, only to be forever trapped in suffocating debt. In Maine, almost 200,000 people have taken out student loans, averaging more than \$30,000.¹ While part of the problem is the outrageous cost of higher education in this country, another important part is the role of student loan companies.

All across the country student loan companies are taking advantage of working people trying to secure a better future for themselves and their families. That is despicable. Student loan companies are changing the rules as folks pay off their debt, preventing families from getting out of debt and finding stable ground.

Don't get me wrong — we need to provide Maine students with direct student debt relief. But we also need to protect Maine student debt borrowers from exploitation by out-of-control corporate interests.

This is the case whether it's for community college, or a traditional four-year program. It's also the case whether you are a young student headed off to get a degree after high school or a middle-age worker taking a class or two to move ahead in your career. It also impacts spouses, parents and grandparents who are helping a loved one by cosigning these loans. In fact, between 2012 and 2017 there was a 46 percent increase in the amount of seniors owing student debt.²

While these practices are most certainly unethical, they are not illegal. The system is stacked against borrowers. Sen. Vitelli's bill would change that by making sure all parties play by the rules. It protects consumers from predatory lending practices, penalizes companies engaging in these practices and

¹ <https://protectborrowers.org/wp-content/uploads/2019/01/ME-Student-Debt-by-the-Numbers-2018.pdf>

² <https://protectborrowers.org/wp-content/uploads/2019/01/ME-Student-Debt-by-the-Numbers-2018.pdf>

ultimately would allow more Mainers to pay off their loans and get out of debt without jumping through unnecessary hoops.

There are two crucial parts to this bill. The first would create a student loan bill of rights or a clear, consistent set of rules that both financial institutions and borrowers must follow. It would also require student loan companies to register with the state. This would make it easier to track the companies' business dealings, and enact penalties for any breach of an agreement.

This bill is about fairness when it comes to student debt lending. It's about making sure that Mainers who regularly pay their loans on time aren't trapped in debt by unethical business practices. It's about making sure Mainers can get out of debt and stay out of debt once they pay off their student loans.

The current system isn't working for consumers. This bill would create a level playing field and protect student debt borrowers from financial ruin at the hands of student debt companies.

Thank you for your time. I look forward to working with all of you as well as Sen. Vitelli to pass this bill into law.

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