

June 6, 2019

Senator Peter Courtney
President
Oregon State Senate
900 Court St. NE, S-201,
Salem, Oregon 97301

Dear President Courtney:

We, the undersigned organizations representing students, student loan borrowers, low-income consumers, older borrowers, and other Oregonians, are writing to share our support for Senator Taylor's SB 279, a bill to expand oversight over the out-of-state student loan companies that handle loans for more than half a million Oregon student loan borrowers.

Oregon is facing a student debt crisis. Today, Oregon consumers collectively owe nearly \$20 billion in student debt—two and a half times the debt burden owed by Oregonians a decade ago.¹ This burden is distributed broadly across our state—nearly 45,000 older Oregonians and nearly 90,000 borrowers in rural Oregon owe student debt.²

Adding insult to injury for borrowers struggling under the weight of historic student debt, the student loan companies tasked with helping borrowers manage these debts have been accused of widespread abuses. Attorneys general in states across the country have taken enforcement actions to halt illegal practices, alleging that companies systematically denied borrowers' access to affordable loan payments, misled borrowers about key features of their student loans, and even severely damaged the credit profiles of service-disabled veterans pursuing debt forgiveness earned by their sacrifice.³

This is unacceptable.

¹ Student Borrower Protection Center analysis of data from the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Consumer Financial Protection Bureau, the U.S. Department of Agriculture, the U.S. Census Bureau, and the U.S. Department of Education (2019).

² *Id.*

³ See, e.g., Consumer Financial Protection Bureau v. Navient (2017), <https://www.courtlistener.com/recap/gov.uscourts.pamd.110329/gov.uscourts.pamd.110329.1.0.pdf>; Commonwealth of Massachusetts v. Pennsylvania Higher Education Assistance Agency (2017), <https://assets.documentcloud.org/documents/3943786/Massachusetts-v-PHEAA-Complaint.pdf>; State of California v. Navient (2018), https://oag.ca.gov/system/files/attachments/press_releases/CA%20AG%20First%20Amended%20Complaint%20-%20Navient.pdf

In the face of these abuses, the State of Oregon has an opportunity and an obligation to demand accountability from the student loan industry and protect Oregon student loan borrowers. SB 279 seeks to require student loan companies to obtain a license from the Department of Consumer and Business Services and be subject to routine oversight—the same oversight that DCBS currently performs with respect to a range of financial services companies, including mortgage lenders, collection agencies, and payday lenders. Further, SB 279 establishes a new Student Loan Ombudsman to provide direct assistance to individual Oregon student loan borrowers and authorizes a first-in-the-nation student loan counseling program. Taken together, these provisions will offer a lifeline to Oregon student loan borrowers.

This legislation should not be controversial. Since 2016, states across the country have enacted similar measures with strong, bipartisan support, including our neighbors in the State of California and the State of Washington. In 2019 alone, legislatures in Colorado, Maryland and New York have passed similar measures supported by large bipartisan majorities. Oregon should follow this roadmap and stand up for student loan borrowers in our state.

For the reasons outlined above, we urge you to support and advance SB 279.

Sincerely,



Student Borrower Protection Center



AARP Oregon



Casa of Oregon



Hacienda CDC



Innovative Changes



NEDCO



Neighborhood Partnerships



Oregon Student Association



Oregon State PIRG