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August, 26, 2020

RE: Student Loan Borrower Bill of Rights in Massachusetts in the Economic Development bill — SUPPORT

Representative Michlewitz, Representative Ferrante, Representative Wong, Senator Lesser, Senator Rodrigues, & Senator O'Connor:

On behalf of the undersigned 50 organizations, we are writing in support of the establishment of a Student Loan Borrower Bill of Rights in Massachusetts (as outlined in H.3977 and included in S.2874) and urge members of the Conference Committee for the Economic Development Bill “An Act Enabling Partnerships for Growth” to include this important provision in their conference report.

Even before the current COVID-19 pandemic, student loan borrowers struggled with a predatory student loan servicing industry that knowingly misleads borrowers to increase its profits. With the increased financial instability brought by the present pandemic-induced economic crisis, it is more important than ever that borrowers know their rights; are protected by strong consumer guidelines; and understand the resources and tools available to assist them. Low-income, first-generation, and Black/Brown borrowers - whose communities have a high incidence of COVID-19 - also bear a disproportionately heavy burden with loan repayment and greater risk of loan default.

The student debt burden falls disproportionately on women, who collectively hold two thirds of all student debt<sup>1</sup>, and on people of color, exacerbating existing income and wealth gaps. According to a recent study, a typical White borrower pays off 94 percent of their debt 20 years after starting college, while a typical Black borrower still owes 95 percent of their balance.<sup>2</sup>

Loan servicers like Navient Solutions, AES/PHEAA, Nelnet, and ACS Education Services are obligated to work in good faith for students. But multiple investigations show that loan servicers consistently work against borrowers' best interests by steering students into options that can add more interest to their loans, pushing some borrowers into default, and, even in the midst of the current pandemic, by not properly implementing federal payment relief options.

For more than a million Massachusetts student loan borrowers, paying for school means facing a complex and confusing loan repayment system that can make the loan burden even worse.

In tumultuous times, taking action to defend students defrauded or deceived by student loan companies is more critical than ever. With soaring unemployment, and renewed attention to the

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<sup>1</sup> [Deeper in Debt: Women and Student Loans](#) (2020), AAUW.

<sup>2</sup> [Stalling Dreams - How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap](#), (2019), The Institute on Assets and Social Policy (IASP) at Brandeis University.

economic toll of systemic racism, it is critical that borrowers have the ability to protect their financial futures. Massachusetts students — many of whom are essential workers — are desperate to move forward with their lives, to break free from predatory loan servicers. **But unlike mortgages or credit cards, student loans come with little to no consumer protections to give borrowers a chance to reduce their debt burdens.**

A Borrower's Bill of Rights in Massachusetts will:

- codify basic consumer protections for student borrowers
- prevent student loan servicers from defrauding and abusing borrowers, and provide recourse when fraud, malpractice and abuse occurs
- create a Student Loan Ombudsman that will function as a one-stop shop for students and their families to get information on student loans and resources for navigating repayment.
- give borrowers an in-state advocate that they can contact with complaints or questions
- help students and borrowers navigate the repayment process in a way that allows them to pay down debt more sustainably

As we rise from the unprecedented challenges brought by the COVID-19 pandemic, it is essential that everyone has access to adequate consumer protection and good customer services that ensure they have access to important programs that will help them fend off financially catastrophic student loan default. More than ever, it is time to promote financial security and economic justice for Massachusetts communities. The Legislature can and must ensure that the future will remain bright for hard-working Massachusetts residents on a path toward economic recovery.

For these reasons, we strongly support the Student Loan Borrower Bill of Rights language outlined in H.3977 and included in S.2874, and urge you to include it in your conference report.

Sincerely,

*Stacy Fatale*

Stacy Fatale

President

AAUW of Massachusetts

*Ellen L. Kennedy*

Ellen L. Kennedy, President

Berkshire Community College

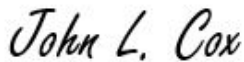




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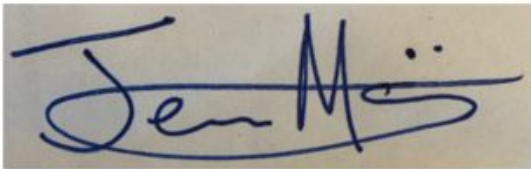
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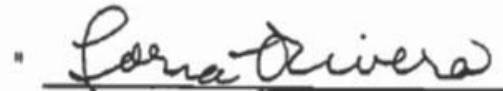
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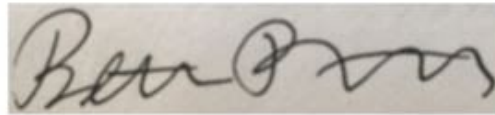
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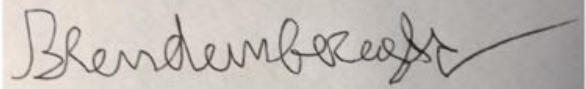
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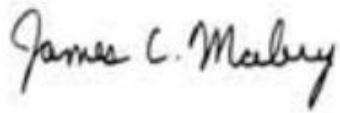
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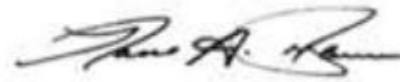
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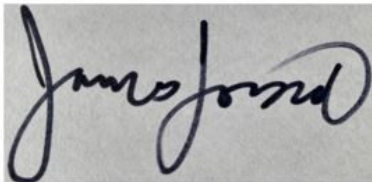
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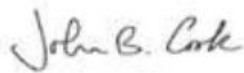
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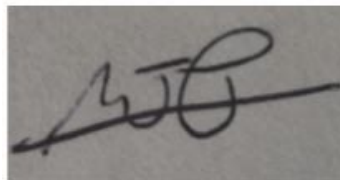
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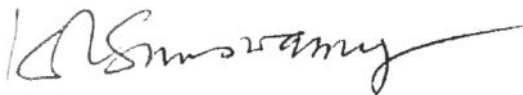
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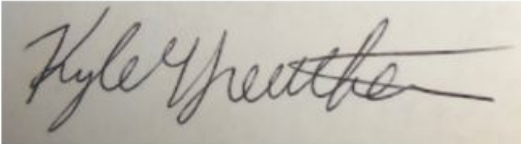
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