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YOUNG INVINCIBLES

Partners for College Affordability
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January 8th, 2021

The Honorable Charlie Baker
Governor, State of Massachusetts
Massachusetts State House
24 Beacon Street
Office of the Governor, Room 280
Boston, MA 02133

RE: Support the Student Loan Borrower Bill of Rights in the Economic Development bill

Dear Governor Baker,

On behalf of the undersigned 56 organizations, we urge you to sign the *Act enabling partnerships*, H5250 which includes the Student Loan Borrower Bill of Rights. The Student Loan Borrower Bill of Rights would require student loan borrowers to be licensed at the state level, prohibit servicers from engaging in predatory, unfair, and unlawful practices, and establish a Student Loan Ombudsman in the Attorney General's office to resolve complaints and help borrowers navigate their repayment options.

Signing the Student Borrower Bill of Rights into law would be a key component to further strengthen your record on supporting student loan borrowers in Massachusetts. Your initiative on April 21st, 2020 to secure payment relief options for Massachusetts student loan borrowers with private student loans through a deal with 15 private student loan servicers provided temporary relief for more than 182,000 of Massachusetts borrowers. Signing the Economic Development bill into law would provide permanent needed consumer protections to ensure that all Massachusetts student loan borrowers are protected from predatory and unfair lending practices.

Even before the current COVID-19 pandemic, student loan borrowers struggled with a predatory student loan servicing industry that misleads borrowers to increase its profits. 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.

The Student Loan Borrower Bill of Rights is common sense legislation that would require student loan servicers operating in Massachusetts to follow basic consumer protection laws. **Eleven states have already passed similar bills to protect their borrowers.** 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.

It is also important to recognize that the student debt burden falls disproportionately on people of color and women, 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.¹

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 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.**

If signed into law, the Student Loan 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.** Massachusetts can and must ensure that the future will remain bright for hard-working residents on a path toward economic recovery.

For these reasons, we strongly support the Student Loan Borrower Bill of Rights language as included in the *Act enabling partnerships*, H5250 and respectfully request you sign it into law.

Sincerely,

The following undersigned organizations:

¹ [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.

Stacy Fatale

Stacy Fatale

President

AAUW of Massachusetts



Molly Goodman

Manager of Counseling and

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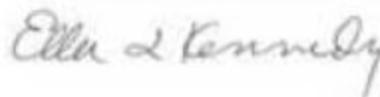
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Lisa Giordano

Executive Director

Association of Young Americans



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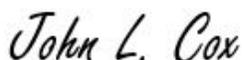
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Laura L. Douglas, President

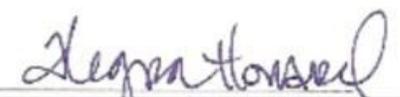
Bristol Community College



Deb Fastino

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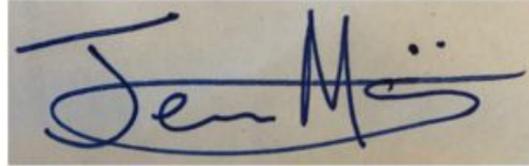
Chuck Bell

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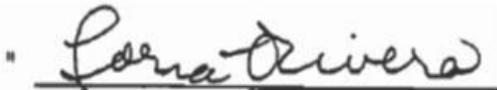
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Tom Sannicandro
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Massachusetts Association of
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President
Massachusetts Budget and Policy Center



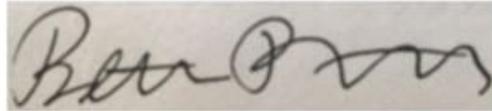
Gena Glickman, President
Massasoit Community College



David Podell, President
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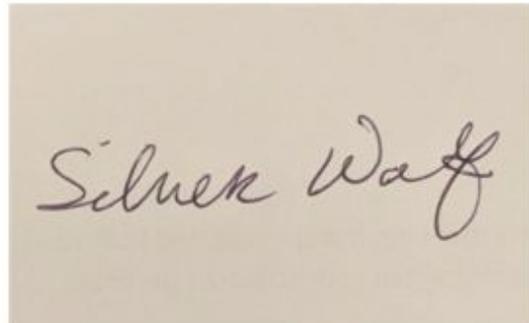
Lily Huang
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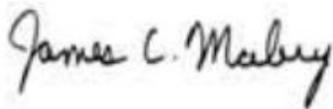
Beth Huang
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Massachusetts Voter Table



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Silver Wolf
Chair, MASSPIRG Students



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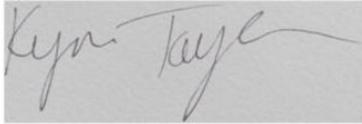
Eva A. Millona
President and CEO
MIRA Coalition



James Vander Hooven, President
Mount Wachusett Community College



Max Page
Vice President
Massachusetts Teachers Association



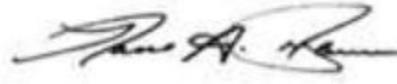
Staff Attorney
At the National Consumer Law Center,
signing on behalf of NCLC's low-income clients



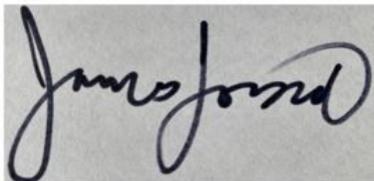
Arnold Sowell Jr.
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Nate Bryant, Interim President
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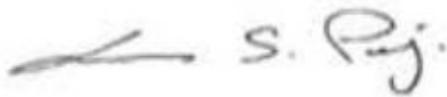
Lane A. Glenn, President
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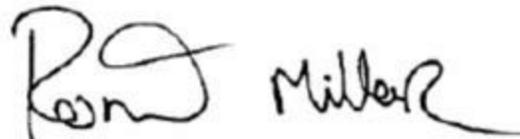
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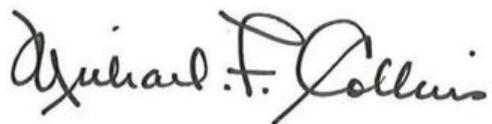
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Marcelo Suárez-Orozco, Chancellor
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Mark Preble, Acting Chancellor
UMass Dartmouth

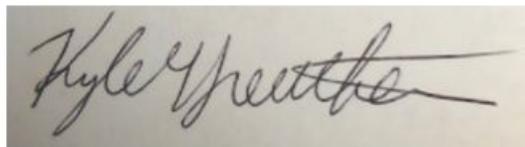
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