

April 6, 2021

Subject: HF1493

Denise Specht
President

Bernie Burnham
Vice President

Rodney Rowe
Secretary-Treasurer

Sara Gjerdrum
Executive Director

Dear Chair Stephenson and Committee Members,

Education Minnesota would like to thank the committee for including the Student Loan Borrower Bill of Rights in its omnibus bill. This bipartisan measure would ensure that Minnesotans, who already carry the burden of college affordability and education debt, do not have to worry about being taken advantage of by student loan servicers.

Minnesota's outstanding education debt is \$29.1 billion and affects over 775,000 residents across the state; 51% of millennials in greater Minnesota carry education debt. It is up to us to create minimum, baseline standards for loan servicers to follow.

Minnesota borrowers report that loan servicers misallocate payments, provide unclear or misleading information on repayment and loan forgiveness, and often steer borrowers toward forbearance rather than providing other options. This has led to thousands of borrowers being in default, accruing millions of dollars in interest and adding to their debt load.

A recent poll commissioned by the Center for Responsible Lending further highlights the burden of education debt on Minnesotans:

- 75% of Minnesota student loan borrowers report that their student loans cause them stress.
- 30% of Minnesota student loan borrowers report having problems with their servicers that have resulted in lower credit.
- 51% of Minnesota student loan borrowers struggle to afford their payments.

Even more disturbing is the impact this has on BIPOC borrowers. Black and Latino students struggle to fund their college experiences due to broad societal discrimination, and they are targeted by poor quality for-profit institutions that fail to provide reliable educational benefits. As a result, students of color accumulate high levels of unmanageable debt. Almost half of Black graduates owe more on their undergraduate student loans four years after graduation than they did when they received their degree, compared to 17% of white graduates.


Attacking the education debt crisis requires action at both the state and federal level. Passing the Student Borrower Bill of Rights here in Minnesota is a good first step at holding loan servicers accountable for meeting standards and best representing the interests of borrowers.

Sincerely,



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