



## **Testimony in Support of House Bill 2588 House Committee on Business and Labor**

**February 22, 2019**

Chair Barker, Vice Chairs Baretto and Bynum, and Members of the Committee

My name is Peter Hainley and I am Executive Director of CASA of Oregon. I am submitting this testimony in strong support of House Bill 2588. This bill is about protecting student loan borrowers in Oregon from unscrupulous servicers, usually from out of state, which too often act in their own interests rather than directing borrowers into the best possible repayment plan.

CASA of Oregon is committed to serving low-income Oregonians, especially those from our most underserved communities. Our services help Oregonians by implementing programs that help families improve their financial wellness. Prior to 2018, we accomplished this through developing affordable housing and community facilities, as well as supporting wealth building through the Oregon IDA Initiative. In 2018, we joined forces with Innovative Changes and added student loan counseling, financial and credit coaching, and responsible small dollar lending to the suite of services we offer our communities.

Education is a promise; a promise of better employment opportunities, higher income, and a brighter future for our families. Oregonians believe in the power of education to transform lives and lead to stability and intergenerational wealth.

Without student loans, most of us would not be able to afford an education. More than half a million Oregonians currently owe over \$18 billion in student loan debt, and they take on this debt because they are told that the good jobs they can access through higher education will pay off, literally and figuratively, and they will be able to afford their payments. Moreover, there are programs in place to help people pay off their debts, for example, income driven repayment programs and public service loan forgiveness programs.

Education should be a path forward, but too often, student loans feel more like a trap. Student loan servicers are not currently subject to the same level of oversight we Oregonians insist on for other types of lending. This lack of consumer protections allows predatory servicers to deliberately misinform borrowers in order to maximize their profits.

CASA and Innovative Changes work directly with those affected by student loans: young people planning for college, those returning to school to finish their degrees under the promise of a better future, parents who are paying off their loans while struggling to afford their children's education, and, the fastest growing demographic affected by student debt: seniors, either still paying their own debts, or financing their children and grandchildren's education. Through our work, we see the ripple effect that that high loan balances, unaffordable loan payments, and

defaults have on people's credit, which in turn makes nearly every aspect of their financial lives more expensive: insurance rates, security deposits, car payments, and emergency loans, thus driving families deeper into poverty. Through student loan coaching, we see how difficult it is for even the most educated Oregonians to locate all of their loans, determine who is servicing them, consolidate where appropriate, and enter into the best possible repayment plan. And unfortunately, we see how loan servicers, rather than acting in the best interest of borrowers, instead serve themselves by misinforming borrowers, misapplying payments, and even misplacing documents borrowers submit to qualify for income-based repayment programs.

HB2588 protects the rights of student borrowers by creating a licensing scheme for student loan servicers working with borrowers in Oregon. It is the state's responsibility to protect borrowers from deceitful practices and ensure they are provided with complete and accurate information about their repayment options.

Thank you for the opportunity to testify in favor of HB2588.