FISCAL IMPACT OF PROPOSED LEGISLATION **Measure: SB 279 - A**

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:
Requires certain persons that service student loans in this state to obtain or renew license.

Government Unit(s) Affected:
Department of Consumer and Business Services (DCBS), Higher Education Coordinating Commission (HECC)

Analysis:
This fiscal impact statement is for the purpose of transmitting the measure from the Senate Committee on Judiciary to the Joint Committee on Ways and Means.

This bill establishes a regulatory program for student loan servicers (Servicers) and requires Servicers to obtain a license from the Department of Consumer and Business Services (DCBS) to service a loan, either directly or indirectly, in Oregon. It also establishes a Student Loan Ombudsman in DCBS and a financial education program through the Higher Education Coordinating Commission.

<u>Department of Consumer and Business Services</u>
For the licensing and examination program, DCBS will need on Financial Examiner 1 (0.75 FTE) for licensing and examinations. For the Student Loan Ombudsman program, DCBS would need a PEM D for the Ombudsman position (0.75 FTE) and a Program Analyst 2 (0.50 FTE) to assist with complaints, as well as $75,000 to pay the cost of a vendor for the education program. For the 2019-21 biennium, costs would be $522,036 Other Funds for 2.00 FTE, and $635,037 Other Funds for 3.00 FTE for the 2021-23 biennium. These costs will be covered by the license and examination fees of 35 Servicers. Although fees will vary depending on the size of the Servicer, fees could be as high as $10,000 per year for the 2021-23 biennium.

<u>Higher Education Coordinating Commission</u>
This bill requires the Higher Education Coordinating Commission (HECC) to develop and operate a student loan counseling program to inform borrowers of their rights and responsibilities under the terms of a student loan agreement, advise borrowers on how to work with Servicers to modify the terms of their student loan, and assist borrowers in avoiding defaults. This bill will have a fiscal impact on HECC.

A more complete fiscal analysis on the measure will be prepared as the measure is considered in the Joint Committee on Ways and Means.