



June 12, 2019

Hon. Steven Bradford
 Chair, Senate Banking & Financial Institutions Committee
 State Capitol, Room 405
 Sacramento, CA 95814

RE: AB 376 (Stone) – Student Borrower Bill of Rights – SUPPORT

Hearing: Senate Banking & Financial Institutions Committee, June 19, 2019

Dear Chairman Bradford:

The Californians for Economic Justice coalition and undersigned organizations write in support of AB 376, the Student Borrower Bill of Rights. **This bill would make California the first state in the nation to create a comprehensive set of rights for people holding student debt**, by requiring student loan companies to treat borrowers fairly and giving borrowers the right to hold these companies accountable when they fail to meet basic servicing standards.

In California and across the nation, millions of people each year seek to continue their education after High School because they want to build a better future for themselves, their families and communities. Unfortunately, public funding cuts, rising costs of living and the residual effects of the 2008 financial crisis have made it nearly impossible for most families to avoid taking out loans to pay for school.

The student debt burden hits virtually everyone – but it falls disproportionately on women, who collectively hold two-thirds of all student debt, and on people of color, exacerbating existing income and wealth gaps. According to a new study, a typical white male borrower pays off 44 percent of his debt 12 years after starting school, while the typical black female borrower sees her balance grow by 13 percent in that time.¹

For the 3.7 million Californians currently holding student debt, leaving school means facing a complex and confusing loan repayment system that can make the loan burdens even worse. Loan servicers like Sallie Mae, Navient, or FedLoan Servicing are the gatekeeper for everything a borrower needs to do to manage a student loan. But as multiple investigations have shown, loan servicers consistently get in the way of borrowers' ability to manage their loans, steering them into options that can add more interest to their loans and even pushing some borrowers into default.


Unlike mortgages or credit cards, there is no industry-wide framework at the federal level to regulate the student loan industry. As a result, people with student loans do not have safeguards to help them get out of debt. To address these longstanding problems, **AB 376 would create enforceable industry-wide standards** for loan servicing companies. The bill would:

- **Ban “abusive” student loan servicing practices** that take unreasonable advantage of borrowers' confusion over loan repayment options;
- **Create minimum servicing standards** related to application of payments, paperwork retention and specialized staff training;
- **Establish a Student Borrower Advocate** within the Department of Business Oversight (DBO) responsible for reviewing complaints, gathering data and coordinating with related state agencies; and
- **Grant DBO additional “market monitoring” authorities**, to collect better data about the student loan servicing industry.

For two years now, the Trump Administration and Education Secretary Betsy DeVos have pulled back protections for student loan borrowers and enabled a dysfunctional student loan industry. While the federal government turns its back on students, California can and should step up to hold private companies accountable for their activities. **The Legislature must ensure that everyone can reduce the burden of education debt, to promote financial security and economic justice for California communities.**

For these reasons, we strongly support AB 376 and urge an AYE vote.

Sincerely,



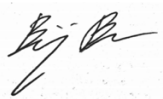
Suzanne Martindale
Steering Committee Member
Californians for Economic Justice



Natalia Abrams
Executive Director
Student Debt Crisis



Aaron Amendt
Executive Director
National Student Loan Defense Network



Ben Brown
Founder
Association of Young Americans



Maeve Elise Brown
Executive Director
Housing & Economic Rights Advocates



Maggie Cervantes
Executive Director
New Economics for Women (NEW)



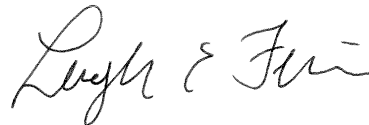
Debbie Cochrane
Executive Vice President
The Institute for College Access & Success



Liza Chu
California Policy Manager
Asian Americans Advancing Justice



Sharon Djemal
Director, Consumer Justice Clinic
East Bay Community Law Center



Leigh Ferrin
Directing Attorney, Consumer Law
Public Law Center



Alexis Goldstein
Senior Policy Analyst
Americans for Financial Reform



Yvonne Gonzalez Duncan
State Director
California LULAC



Emma Guttman-Slater
Policy Advocacy & Field Building Director
Beneficial State Foundation



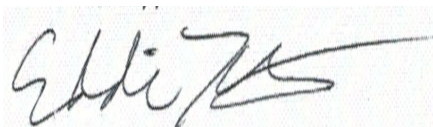
Sabrina Hamm
Statewide Managing Director
California Asset Building Coalition



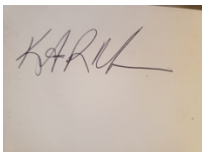
Charlotte Hancock
Communications Director
Generation Progress



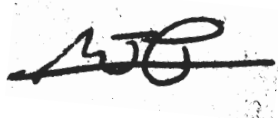
Richard Holober
Executive Director
Consumer Federation of California



Eddie Kurtz
Executive Director
Courage Campaign



Kristin McGuire
Western Region Director
Young Invincibles



Mike Pierce
Policy Director & Managing Counsel
Student Borrower Protection Center



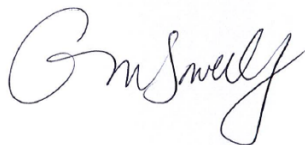
Stephanie Roman
Senior Policy Analyst
UnidosUS



Emily Rusch
Executive Director
CalPIRG



Carol Siegel Singh
President
University of California Student Association



Arnold Sowell, Jr.
Executive Director
NextGen California



Suzanne Martindale
Senior Policy Counsel & Western States Legislative
Manager
Consumer Reports (formerly Consumers Union)



Ted Mermin
Executive Director
California Low-Income Consumer Coalition (CLICC)



Ron Rapp
Legislative Director
California Federation of Teachers



Kimberly Rosenberger
California State Council
Service Employees International Union (SEIU)



Christopher Sanchez
Policy Advocate
Coalition for Humane Immigrant Rights (CHIRLA)



Linda Sherry
Director, National Priorities
Consumer Action

Cc: Hon. Mark Stone
Members, Senate Banking & Financial Institutions Committee
Eileen Newhall, Staff Director, Senate Banking & Financial Institutions Committee

ⁱ For more recent data on student debt and the racial wealth gap, *see* DEMOS, DEBT TO SOCIETY (2019), *available at* <https://www.demos.org/sites/default/files/2019-06/Debt%20to%20Society.pdf>.