



## **Statement in Support of HB 4021 Student Loan Refinancing Study**

HB 4021 asks the Oregon Treasurer to look into the viability of a student loan refinancing program, offering lower interest rates to students and helping them pay off student debt sooner.

Oregon's public universities support examining the viability of a student loan refinancing program in order to reduce the interest rate of loans, shorten the length of time in repayment and therefore, reduce the cost to the borrower.

We suggest that other viable options be considered as a part of the study. For example, rather than lowering the percentage of interest to the student, the benefits from refinancing could provide a state "match" for a borrower's loan payments that would go entirely toward the principal of the loan. This option could be a state "income contingent repayment plan" and would also greatly reduce the length of time in repayment and total amount repaid. Accelerated repayment options would allow borrowers to avoid default and costly collections charges for past due amounts, and would increase their net income more quickly.

We also suggest that representatives from the Oregon financial aid community and the Oregon Student Access and Completion (OSAC) be invited by the Treasurer's office to participate in the study.