OSPIRG
Standing Up
To Powerful Interests

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March 19, 2019

TO: Senate Committee on Judiciary
FR: Charlie Fisher, State Director, Oregon State Public Interest Research Group (OSPIRG)
RE: Support of SB 279

OSPIRG supports SB 279.

Higher education in Oregon continues to be critical for both individual success and the social and economic health of our state. While college attendance has grown over the past two decades, state appropriations and federal aid have failed to keep pace with the rising cost of college, shifting more costs to students. As a result, more students than ever must rely on student loans to pay for a college degree, with the average borrower now graduating with over $26,000 in loan debt.

Heavy student loan debt carries negative consequences for borrowers, who must make monthly payments with their hard-earned dollars rather than save up and get ahead. High debt can affect where graduates live, the kind of careers they pursue, when they start a family or purchase a home, and whether they can save for retirement. The combination of high student debt and low earnings can lead to default, ruined credit and wage garnishment. Such distress runs counter to the goal of higher education.

Loan servicers are the companies that many borrowers interact with directly, rather than the lending institutions themselves. The Consumer Financial Protection Bureau found several concerning aspects of this industry including obstacles blocking borrowers from paying off loans early, dividing payments from borrowers to maximize the late fees charged to borrowers, and opaque practices by servicers that can cause more fees to be assessed when a loan is transferred between servicers.

SB 279 will empower Oregon to hold servicers accountable when they mismanage payments, deceive borrowers, or knowingly provide the wrong information. By creating a student loan ombudsman, SB 279 will also give borrowers a trusted source of information and ensure proactive enforcement of consumer protections. We urge you to support SB 279.