

My name is Fabian Laguna, I'm a student at CU Denver and I'm president of UCD Student Government. I'm submitting this testimony to drive home the impact that private student debt has on my friends and peers that I represent as a student leader.

Most of my friends have so much debt that it can feel difficult for them to imagine what their futures are like because it's likely that their debt will stay with them for decades. The debt that these loans create really hinders one's ability to dream about the future, and limits the choices people can make, which holds our entire state back. **If you had so much debt that you could not even imagine when you would pay it off, then how would that influence your dreams?**

The student debt crisis is even worse for borrowers with private student loans- these borrowers experience even higher interest rates, harsher terms of repayment, and lack the protections and relief that federal borrowers receive. And worst of all - they may not even realize this when they're taking out their loans. I recently heard from a friend how confusing he found the process of funding his tuition, and it's clear to me that the impacts of private loans are purposely obscured from borrowers. Today I ask myself, **how is this possible?**

In Colorado, there are billions of dollars owed in private student debt. Many of these borrowers **are my classmates, friends, and some of them even serve with me in student government.**

People took out loans with an idea in mind of what the world would look like upon graduation and what opportunities there would be. We now have a global pandemic; job prospects have never been more uncertain, rent has never been higher, and the future looks bleak. Clearly this is a serious crisis. When it's time to pay back their loans, they should be able to navigate the process in a fair and transparent way, but unfortunately that's not the case for many borrowers who face difficulties with repayment. The impacts of missed payments are severe and long term, especially if they go into default. **We need to help each other more, we need to stop being so selfish, and take care of our people.**

It is imperative that we give consumers regulatory protections from private interests, whose practices tend to compound existing structures of systemic racism. Borrowers deserve clear, upfront information about their payment options. They deserve options when they are unable to repay their loan due to disability. Co-signers, many of them aging parents, deserve financial safety and security. No one should have to endure predatory practices like auto-defaulting, especially during a worldwide economic collapse due to a pandemic. These protections are important tools to consider if we truly wish to live in a nation where all people are created equal.

**It's like we are facilitating future generations to make a deal with the devil, so to speak.** Our state can take this first step to help protect private borrowers; it is the least we can do to help remedy the damage that is being done. I strongly urge you to support SB21-57.

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Abigail Bernat's Testimony for Colorado Student Loan Equity Act

### **D3 Abigail Bernat's Testimony for Colorado Student Loan Equity Act**

Hello, my name is Abigail and I am a music teacher in the Cherry Creek School District. I attended the University of Colorado Boulder for five years and graduated in 2019 with a Bachelor's degree in Trumpet Performance and another in K-12 Music Education.

I am here to share my experience with private student loans, in hopes that I can move this committee to support SB21-057.

As an incoming college student, the federal loans I received were not enough to cover in-state tuition, so I had to turn to private loans. My parents were unable to co-sign for me, and I had no established credit, which meant I had to ask my 70-year-old retired grandparents to co-sign my loans. Though they were gracious enough to help, this was an enormous stress for me as a new student, as I worried about burdening them in the event that I couldn't meet my payments on time.

Colorado's public higher education system is uniquely underfunded compared to other states, so though I paid in-state tuition, attending CU Boulder carried a significant price tag. Paired with the high cost of rent, I had to work a full-time job, a part-time job and be a full-time student pursuing two majors in order to pay my living expenses. By the time I finished my degrees, my interest alone totaled \$9,833.33, and because of my young credit history, I am unable to consolidate my loans. Working for Cherry Creek, my teaching salary is higher than some other classmates who graduated alongside me, but I feel like I'm barely making ends meet between the cost of rent and the high monthly loan payments. In any given month, 50% of my income goes towards paying rent and 20-25% goes towards loan repayments.

When students are facing such a high cost of tuition, many of us have to resort to private student loans, and enter into confusing contracts that don't have our best interest in mind. Passing this bill in Colorado would mean providing greater transparency for people like me and my grandparents, allowing us to know all the details of interest rates and payback plans at the time of signing the contract. It would also enable responsible cosigners like my grandparents to protect themselves from the devastating impacts they would incur if the borrower experiences default. This bill would be a huge step in the right direction for our state. It will offer more protections for students who are forced to turn to private loans to get the education they need, and would empower our state leadership to know more about what's going on in this industry that has been largely overlooked. I urge you to support SB21-057.

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### **D2 Abigail Bernat's Testimony for Colorado Student Loan Equity Act**

Hello, my name is Abigail and I am a music teacher in the Cherry Creek School District. I attended the University of Colorado Boulder for five years and graduated in 2019 with a Bachelor's degree in Trumpet Performance and another in K-12 Music Education.

I am here to share my experience with private student loans, in hopes that I can move this committee to support SB21-057.

As an incoming college student, the federal loans I received were not enough to cover in-state tuition, so I had to turn to private loans. My parents were unable to co-sign for me, and I had no

established credit, which meant I had to have my 70-year-old retired grandparents co-sign my loans. Though they were gracious enough to help me, this caused an additional enormous amount of stress on me as a new student, as I worried about the burden this could have placed on them, and could still place on them would I not be able to make my payments on time.

The cost of tuition has grown astronomically the past forty years, growing four times more than the rate of inflation. Keep in mind I was trying to stay in-state for college - but Colorado's public higher education system is uniquely underfunded compared to other states, so attending CU Boulder carried a significant price tag. This paired with the high cost of rent in Boulder meant that I had to work a full-time job, a part-time job and be a full-time student pursuing two majors in order to pay my living expenses, let alone try to pay back any of my loans. By the time I finished my degrees, my interest alone totaled \$9,833.33, and because of my young credit history, I am unable to consolidate my loans. Working for Cherry Creek, my teaching salary is higher than some other classmates who graduated alongside me, but I feel like I'm barely making ends meet between the cost of rent and the high monthly private loan payments. In any given month, 50% of my income goes towards paying rent and 20-25% to go towards loan repayments. This doesn't even factor in the other bills I have to pay in order to survive.

When students are facing such a high cost of tuition, many of us have to resort to private student loans, and enter into confusing contracts that don't have our best interest in mind. Unlike federal loans, there are no catchall reporting requirements for private student loans, and as a result, we know very little about this 38 billion dollar industry that affects 1/3 of people with student loans. Passing this bill in Colorado would mean providing greater transparency for people like me and my grandparents, allowing us to know all the details of interest rates and payback plans at the time of signing the contract. It would also enable responsible cosigners like my grandparents to protect themselves from the devastating impacts they would incur if the borrower experiences default.

This bill would be a huge step in the right direction for our state. It will offer more protections for students who are forced to turn to private loans to get the education they need, and would empower our state leadership to know more about what's going on in this industry that has been largely overlooked. I urge you to support SB21-057.

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### **D1 Abigail Bernat's Testimony for Colorado Student Loan Equity Act**

Hello, my name is Abigail and I am a music teacher in the Cherry Creek School District. I attended the University of Colorado Boulder for five years and graduated in 2019 with a Bachelor's degree in Trumpet Performance and another in K-12 Music Education.

I am here to ask this committee to support the Colorado Student Loans Equity Act, and to share my experience with private student loans and advocate for current and prospective students who are figuring out how to navigate student loans.

My first experience applying for a loan was challenging. The federal loans I did receive were not enough to cover in-state tuition, so I had to apply for private loans in addition to the federal ones I qualified for. My parents were unable to co-sign for me, and I had no established credit, which meant I had to have my 70-year-old retired grandparents co-sign my loans. Though they were gracious enough to help me, this caused an additional enormous amount of stress on me as a new student, as I worried about the burden this could have placed on them, and could still place on them would I not be able to make my payments on time.

The cost of tuition has grown astronomically the past forty years, growing four times more than the rate of inflation. This paired with the high cost of rent in Boulder meant that throughout my

college education, I had to work a full-time job, a part-time job and be a full-time student pursuing two majors in order to pay my living expenses, let alone try to pay back any of my loans. By the time I finished my degrees, my interest alone totaled \$9,833.33, and because of my young credit history, I am unable to consolidate my loans. I wanted to be able to get a degree from a high quality school so that when I went into the education field, I would be able to make a difference for young people. Working for Cherry Creek, my teaching salary is higher than some other classmates who graduated alongside me, but I feel like I'm barely making ends meet between the cost of rent and the high loan repayments from my private loans. In any given month, 50% of my income goes towards paying rent and 20-25% to go towards loan repayments. This doesn't even factor in the other bills I have to pay in order to survive.

When students are facing such a high cost of tuition, many of us have to resort to private student loans, and enter into contracts that don't have our best interest in mind. Unlike federal loans, there are no catchall reporting requirements for private student loans, and as a result, we know very little about this 38 billion dollar industry that affects  $\frac{1}{3}$  of people with student loans. Passing this bill in Colorado would mean providing greater transparency for people like me and my grandparents, allowing us to know all the details of interest rates and payback plans at the time of signing the contract.

This bill would offer more protections for students who need private loans to achieve their dreams, and help cosigners like my grandparents, who just wished the best for me and my education.

## April 21, 2021 Private Student Loan Bill | Hayley Banyai-Becker

My name is Hayley Banyai-Becker and I represent myself. I attended CU Boulder from 2015 to 2017 and graduated with \$50,000 in private loans. I'm sharing my story to show the importance of the consumer protections that SB57 proposes for borrowers like me. Overall, the student debt crisis currently impacts thousands of people in Colorado - I am not in a unique situation or an outlier. The private student loan industry lacks transparency and fairness resulting in disastrous economic impacts for many Coloradans, particularly Coloradans of color. This is a crisis and we need student debt reform, starting with SB57.

Private student loan borrowers have extremely limited options when managing repayment and borrowers are struggling to navigate the repayment process. My private student debt currently stands at \$58,929, which is almost \$10,000 more than when I graduated less than four years ago. I have spent countless hours on the phone with my loan servicer asking to work out an income-based monthly payment plan, to no avail. They have told me my only options are to pay the monthly payment, that is almost the same amount as my monthly rent, or use my emergency forbearance options. Since graduating with my Bachelors degree, I have not yet had a job that pays me enough to afford all my basic necessities **and** start paying the exorbitant monthly payment. I was forced to use emergency forbearances, costing me \$1,000's every year in interest. This bill would help me because it will give me the necessary tools to effectively navigate the repayment process.

When the pandemic struck last year, I experienced temporary unemployment, but I already used every forbearance they offered. Now I am almost \$3,000 past due on my loans and the company is not offering relief, unless I am still unemployed. At the very least, the process for navigating repayment should be a fair and consistent one, and this bill would make it so that borrowers are receiving upfront support so that we understand our options without having to spend hours on the phone. This bill is critical in helping support the hundreds of thousands of Coloradans like me who are trying to get a handle on their private loans, especially during a global pandemic when federal loans have been paused since March of 2020 and private student loan borrowers are in need of relief and support.

Please support this bill. Securing stronger private student loan protections allows us to shine a light on the shady practices private student loan companies engage in, that were happening long before the pandemic, and have grown as a result of the level of distress that borrowers will face - especially BIPOC and low income communities who have been disproportionately impacted by this crisis due to institutional economic oppression. This bill would help borrowers have transparency with these companies so we don't have to spend all of our time chasing down the truth of what our options are and therefore, could actually plan our financial future with certainty. Thank you for your time madame/mr Chair.

## Let My People Vote Testimony | Private Student Loans (SB21- 57)

My name is Victoria Dadet, and I'm the Let My People Vote Coordinator for Soul 2 Soul Sisters where we organize for Black womxn's healing, joy, and liberation here in Denver. I'm here to testify on behalf of our Let My People Vote program to urge you to support Senate Bill 57 and protect Black borrowers from the predatory practices of the private student loan industry.

According to the Student Borrower Protection Center, "Black borrowers are half as likely as white borrowers to use private student loans but are four times more likely to fall behind due to economic hardship." **So while Black borrowers use private student loans less, we face higher levels of challenges in repayment.** Additionally, the gender wage gap creates challenges for women. While, nationally, women hold nearly two-thirds of the nation's student loan debt, **it's Black womxn who often hold higher amounts of debt.** And in Colorado, as the number of borrowers with student loans grow, it's these marginalized communities who are impacted the most.

Currently, the private student loan industry lacks transparency, consistency, and equity – and this contributes to widening the intergenerational debt gap between Black families, other families of color, and white families. The lack of protections in the private student loan market are disproportionately impacting the most marginalized borrowers – especially Black borrowers. The lack of protections combined with the impacts of institutional racism – such as a lack of generational wealth – make it clear that the disparities we experience are driven by a legacy of slavery, racism, and constant attempts to prevent Black people from amassing wealth, power, and self determination in this country. **So while student debt is getting unmanageable for all students in this country, Black students are hit the hardest.**

Stronger private student loan protections allow us to address and mitigate the shady practices that put so many borrowers in financial distress. **And seeing how the pandemic has increased these levels of distress, we can expect these practices to increase if we don't do something about it right now.** As has been stated by others, this bill will secure necessary protections for private student loan borrowers, bring more transparency and consistency to the repayment process, and ensure that there's increased accountability for predatory players. While we acknowledge that one policy is not enough to meaningfully address the ways that our higher education system drives inequity, we believe that we can take critical steps **now** with legislation to protect borrowers, mitigate economic exploitation and harm, and get closer to securing justice for Black communities. **This bill is one of those critical steps we must take to create a more equitable economy that works for everyone, not just the wealthy and privileged.**

The student debt crisis is absolutely out of control and it's clear that we need to make major changes to address it. And **we need to start by centering our Black students because we know that when we center the needs of the most marginalized, we can get closer to addressing the root causes of these problems.** Any change we make must support the work of creating a more equitable society, and we believe this bill helps us to reach that goal. Thank you for your time today and I urge you all to vote yes on Senate Bill 57.

**Support: SB21-57, [Private Lenders of Student Loans Acts & Practices](#)**

My name is Sarah Staron and I am a Rocky Mountain Policy Fellow with Young Invincibles and a graduate student at the University of Colorado Denver.

It has never been more difficult to save for college than it is today, and the pandemic has only exacerbated existing inequalities among students pursuing higher education. The price of college is increasing almost 8 times faster than wages<sup>1</sup>, and we know that young adults are hit hardest by this. Many students are forced to take out more than they were planning to, and aren't always able to qualify for sufficient federal aid. Loans from banks and other private lenders can be the financial life support that students need in order to get themselves to the end of the semester, but they come with serious caveats.

These loans are riskier and have significantly fewer safeguards for borrowers to manage their monthly payments. Also, these loans often aren't eligible to be discharged through the normal bankruptcy process, meaning that this immense debt can follow a student for their entire life.<sup>2</sup> But it is not just the students, like myself, who are impacted by this, but their families too. AARP reported in 2018 that "student loan debt is soaring for borrowers over 50." This due to the fact that older consumers, who are either the cosigners of these private student loans or borrowers themselves, are taken advantage of by exploitative practices such as robo-signing or marketing tactics that promise "cosigner release" after a few years, but in reality, bound that person to a lifetime of debt. Since students need access to private student loans in order to afford the chance for an education, they deserve to do so without having to prepare for a range of servicing abuses from the private loan firms.

This lack of consumer protections isn't just an issue of fairness and opportunity, but also an issue of racial justice and equity. We know that Black, Latinx and low-income borrowers use private student loans less when compared to white and higher-income borrowers, but frequently face far greater challenges in repayment. Studies show that Black and Latinx borrowers are **four** times more likely to fall behind due to economic hardship than their white counterparts. This gross inequity calls for swift and definitive action.

It is time to bring the predatory practices of private lenders out of the shadow and into the light. It is time to demand accountability and transparency from the lenders so that a

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<sup>1</sup><https://www.forbes.com/sites/camilomaldonado/2018/07/24/price-of-college-increasing-almost-8-times-faster-than-wages/?sh=64e3a30166c1>

<sup>2</sup> <https://protectborrowers.org/psl-protections/>

“means to an end” for students does not turn into a lifetime of payments. Young people are the future and now, more than ever, we need YOUR help to build lasting power in our generation by progressing on issues that impact the most marginalized among us.

The cost of an education should never be a barrier to success because every single student deserves the opportunity to pursue a degree and passion of their choosing. Moreso, they deserve the opportunity to pursue that degree without the threat of predatory lending practices hanging over their head, waiting for a misstep. Give our students grace to be more focused on figuring out their path instead of their payments. Give them the dignity of consumer protections. Today I ask that you think of students and their loved ones, and vote YES on Senate Bill 57, Private Lenders Of Student Loans Acts And Practices.

Thank you for your time and consideration today.

Fact sheet:

[https://docs.google.com/document/d/1BF\\_f0Ajy1t8dDIKX8azF1nhp8rXtwgyCNC3d0sq\\_Xfs/edit](https://docs.google.com/document/d/1BF_f0Ajy1t8dDIKX8azF1nhp8rXtwgyCNC3d0sq_Xfs/edit)



# Denver Integrative Massage School

April 19<sup>th</sup>, 2021

SB 21-057

Dear Senator Gonzales and Senator Winter,

My name is Hillary Hilliard and I am the owner of the Denver Integrative Massage School, School of Botanical & Medical Aesthetics, Herbalism Roots and School of Holistic Nutrition Therapy. My schools are located in Senator Gonzales's and Representative Valdez's district, and I reside in Representative Gonzales-Gutierrez's district.

I am concerned about the bill you are sponsoring, SB-057. Although certainly well intentioned, its passage as currently formed would be harmful to not just my business, but I believe also harmful to many of my students.

Currently I offer my students up to 6 months interest free tuition, and up to 1 year internal financing at the minimal rate of only 5% per annum. Due to administrative costs alone imposed by this legislation, I will no longer be able to do so should this pass. I may still offer the 6 months interest free financing, however, I will no longer be able to offer longer terms as I cannot do so for free, and I would not want to have to increase my tuition and interest rates to cover the costs of compliance under this bill. This will force my students to obtain financing elsewhere, and certainly at higher interest rates than I currently offer.

I ask you to consider the many small schools in Colorado that this legislation would hurt. Schools like mine that are not the bad actors in the student loan arena. I have no doubt that many others will have to make the same choices as I in their tuition funding options for their students, and this can only leave those students with less options, and at a higher cost to them. I imagine students will be pushed into using high interest credit cards, obtain personal loans from exempt financial institutions, or have assistance from their parents by way of home equity loans or similar loans also exempted from this legislation.

Thank you for your consideration, and I hope you will consider the unintended consequences of the bill if it moves forward as drafted.

Sincerely,

Hillary Olsen Hilliard, President  
Denver Integrative Massage School  
1221 Galapago St.  
Denver, CO 80204

Senate Finance

SB21-057 Private Lenders Of Student Loans Acts & Practices

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Matt J None Self	The bill as written is just saying the same things that are already in effect for collection agencies. Collection agencies already can't harass customers, they can't deceive customers and they also can't abuse consumers. Collection agencies already have to get licensed as a collection agency to conduct business in Colorado. Collection agencies are already regulated and do not need any more regulation as all the necessary laws are already in place to regulate collection agencies. Student loan debt and the collections of that debt by collection agencies is already regulated appropriately and does not need any additional laws.