

## Regulate Student Education Loan Servicers (HB18-1415)

Testimony to House Business Affairs and Labor  
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Thank you for the opportunity to present this testimony.

My name is Samantha Saccomanno, and I'm the public policy research fellow at the Bell Policy Center. The Bell Policy Center provides policymakers, advocates, and the public with reliable resources to create a practical policy agenda that promotes economic mobility for every Coloradan. As a member of the Financial Equity Coalition, we support HB18-1415 because it offers greater oversight of student loan servicers in Colorado, which will aid in preventing predatory practices and improving the economic mobility for the 56 percent of Coloradans with student debt.

Without mandatory regulation, student loan servicers get away with fraudulent practices, such as discouraging alternative payment plans, failing to respond to payment processing errors, and failing to provide sufficient information regarding payments, interest rates, and other charges. Such imprudent practices put Coloradans in default and perpetuate a predatory economy. Licensing student loan servicers will help prevent fraud and misconduct, improve transparency, and ultimately boost Colorado's economy.

It's important to recognize why more Coloradans take out loans and the burden this puts on our middle class. In 2015, college costs were up 102 percent since the 2000-2001 school year, but wages aren't keeping up. For Colorado middle-income families, it takes 24 percent of their annual incomes to attend our public four-year schools.

High interest rates and other erroneous fees from predatory practices is a constraint on our economy and a hindrance to Coloradans who aspire to enter or stay in the middle class. For example, data from the Federal Reserve Bank of New York shows individuals aged 30 and older with more than \$25,000 in debt are less likely to own homes. Additionally, our research shows this especially affects retirement-age Americans. Between 2005-2015, the number of Americans aged 60 and older with student loan debt quadrupled from 700,000 to 2.8 million, while the average amount they owed nearly doubled from \$12,100 to \$23,500. In 2015, 37 percent of federal student loan borrowers aged 65 and older were in default.

Lastly, it's important to acknowledge the intersection of race and student loans. The Bell's research shows black and Hispanic student borrowers are more likely to default on loans compared to white borrowers, regardless of attainment level. Twenty-three percent of black borrowers who completed a bachelor's degree defaulted on their loans within 12 years, compared with only 9 percent of all borrowers who earned that degree.



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We must hold student loan servicers accountable when their job is to give information to help students understand their loans and payback options. Being inaccessible or providing incorrect information that results in higher costs for clients is unacceptable. This bill provides an effective measure to hold student loan servicers accountable and help mitigate the repayment process by preventing fraudulent practices. Ultimately, this not only impacts Coloradans' well-being, but the health of our state economy.

We urge you to vote yes on HB18-1415. Thank you for the opportunity to present my testimony and thank you Representative Winter for sponsoring such important legislation. I am happy to answer any questions.

If you would like further information, please contact me at (303) 297-0456 or [saccomanno@bellpolicy.org](mailto:saccomanno@bellpolicy.org).