

Sen. Hansen: Democratic legislators call on attorney general to oppose elimination of rules protecting student loan holders

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(Madison)—Democrats in the State Senate and Assembly called on Attorney General Brad Schimel today to join 21 other states in opposing actions by U.S. Secretary Betsy DeVos to revoke protections for student loan borrowers enacted under President Obama.

In a letter to Schimel they noted that the protections were put in place in response to increasing complaints from student loan holders with respect to delays in getting their payments processed, poor communication, the charging of unexpected fees and what has been described as “systemic mistreatment” of borrowers by student loan servicing corporations.

State Senator Dave Hansen (D-Green Bay), lead author of the letter, said revoking the protections put in place by President Obama could place an even greater burden on Wisconsin loan holders and increase the number of borrowers who default on their student loans.

“We keep hearing that the Trump administration is all about helping average Americans, but I’m still waiting to see evidence of that,” said Hansen. “Executive order after executive order has reduced or eliminated important protections for consumers, home buyers and eliminating the rule requiring financial advisers to act in the best interest of their clients. Now we are seeing a similar pattern with Secretary DeVos’s decision to revoke the important protections for the millions of Americans with student loans.”

Student loan servicing corporations receive approximately \$800 million paid by taxpayers to service \$1.1 trillion of student loans. In 2016 over \$137 billion in federal loans went into default, 70 percent of which could have been avoided had borrowers been told they qualified for lower payment options.

“With national student loan debt surpassing \$1 trillion for the 5th year and Wisconsin continuing to have one of the highest rates of graduates with student loans in the country, more needs to be done to lower the risk of default, make repayment affordable and protect borrowers and taxpayers.

Unfortunately, Wisconsin is not represented on the letter sent to Secretary DeVos despite our state having nearly 1 million student loan borrowers with an accumulated student loan debt of over \$19 billion raising a similar question as to where our Attorney General stands on this critical issue.

“It is time to level the playing field for the nearly 1 million student loan borrowers in the state which has been tilted in favor of the giant corporations and Wall Street under President Trump. It is time for our state leaders on the Republican side of the aisle to stand up for average people by objecting to Secretary DeVos’s actions and by passing real student loan refinancing like we’ve introduced in the Higher Ed/Lower Debt bill so our people can regain the opportunity they are being denied to buy a new car, their first home or start a family.”