

Sen. Smith, Reps. Hesselbein, Drake: Legislators introduce bill advocating for student borrowers

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MADISON – On Thursday, Representative Dianne Hesselbein (D-Middleton), Senator Jeff Smith (D-Brunswick), and Representative Dora Drake (D-Milwaukee) introduced legislation to establish the Office of Student Loan Ombudsman and create a Borrower Bill of Rights. Last summer, Governor Evers convened his task force on student loan debt to produce recommendations on how Wisconsin can provide relief, education, and protection to its student debtholders now and in the future. One such recommendation was the creation of a Borrower Bill of Rights and Student Loan Ombudsman. This proposal was incorporated into Governor Evers' budget but then stricken by the Joint Finance Committee.

“As a member of the Governor’s Task Force on Student Loan Debt last year, I heard the need for additional protections for students when they are considering the loan process for higher education. Students need a consistent advocate in state government that can oversee lenders and provide tools to borrowers before they take out a loan. In addition, providing a Bill of Rights will take us another step forward in supporting students as they explore different lending options,” said Representative Hesselbein.

“Our goal in introducing this legislation is to ensure students and their families have the tools to confidently navigate the loan borrowing process. During the course of the Student Debt Task Force, we learned how daunting this experience is for many Wisconsinites, and how overwhelming it can be if they fall victim to a predatory lending scam. This bill will empower Wisconsinites to make informed financial decisions

heading into college and the decades after they graduate,” added Senator Smith.

“Pursuing higher education is an investment, and like other investments, individuals need information before making decisions which impact their financial situation. When it comes to student borrowers, unfortunately this is not true in many cases. There are students making financial decisions without being fully informed of the conditions of the loans and repayment options. This bill ensures loan servicers accurately inform students of all financial options. As well as, having an entity investigate and resolve complaints involving student loan borrower complaints,” concluded Representative Drake.

As stated in the original task force recommendation, the Borrower Bill of Rights would create a legal mechanism to enforce standards when not adhered to by the loan servicer. The Student Loan Ombudsman would act as an independent advocate for student borrowers, providing needed consumer protections to navigate the student loan repayment process and enforce the Borrower Bill of Rights.