

Education Minnesota

New bill to bring transparency and accountability to student loan industry in Minnesota

For more information, contact:

[Chris Williams](#)

651-292-4816 (work)

651-247-5539 (cell)

ST. PAUL, Minnesota. March 27, 2019 - A new bill moving through the Legislature would create an advocate for student loan borrowers within the state government and bring more transparency and accountability to student loan servicing companies operating in Minnesota.

Sen. Melisa Franzen and Rep. Zack Stephenson described SF1484 and HF1424 during a news conference Wednesday morning at the state Capitol. Three educators joined them and shared their personal stories of dealing with loan servicing companies.

Minnesotans currently hold \$27.1 billion in education debt. The Student Borrower Protection Center reports 85,000 Minnesota borrowers are delinquent on their debt payments and the total delinquent debt amounts to \$2.5 billion.

Advocates say one of the biggest barriers Minnesotans face in repaying their student loans is misinformation spread by student loan servicing corporations, which act as intermediaries between borrowers and lenders.

HF1424/SF1484 would provide critical support to the 775,600 Minnesotans carrying education debt. The bill:

- Establishes a student loan advocate within the state government.
- Provides unbiased information to borrowers, including options for repayment and loan forgiveness.
- Licenses student loan servicers and maintains minimum standards servicers must meet in Minnesota.
- Holds students loan servicers accountable for meeting standards for information sharing, customer service and representing the interests of borrowers in transactions.

Franzen said the amount of education debt was affecting local economies. Citing a recent study by the Federal Reserve, she said rising levels of student loan debt could be accelerating the “brain drain” from outstate communities.

“The loss of college educated young people could have important detrimental effects on the economic



vitality of rural areas and raises questions about what rural policy makers could do to retain a larger share of these individuals,” Franzen said.

Zach Stetler, a first-year physical education teacher in Marshall, described the difficulties of getting into existing programs to reduce his debt payments. “Why didn’t my loan service provider give me any information on this? Teachers and other employees working in public service need better access to information and knowledge on loan repayment options and forgiveness programs,” he said.

Sarah Spleiss, an English teacher at Coon Rapids High School, spoke about her frustration with the mishandling of her paperwork by her loan servicer. “The mistakes of my loan servicer have not cost that company anything, but they cost me thousands of dollars in interest,” she said.

Sarah Rother, a middle school social studies teacher in the Chaska school district, said she believes her loan servicing company misled her about her options. “We need someone with the power of the state to examine practices by companies that don’t have our interests at heart and hold those companies to a higher standard,” she said.

Stephenson, the House bill author, said, “As I talk to people with student loans, I hear one consistent complaint: There is no one on the side of the student. I am excited to keep driving this bill forward so we stop the abuses in the student loan industry and help students make informed decisions about their future.”

[Degrees, Not Debt](#) is a program of Education Minnesota. A full video of the news conference is available on the [Education Minnesota Facebook page](#).

[Contact us](#) | [Local union websites](#) | [Careers](#)

© 2021 Education Minnesota. All rights reserved.

[Terms of Use](#) | [Privacy Policy](#)