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Minnesota Attorney General Keith Ellison
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February 14, 2023

Hon. Matt D. Klein
Chair, Senate Commerce & Consumer
Protection Committee
Minnesota Senate Office Building
St. Paul, MN 55155-1298

Hon. Gary H. Dahms
Ranking Minority Member, Senate
Commerce & Consumer Protection
Committee
Minnesota Senate Office Building
St. Paul, MN 55155-1298

Re: SF998/HF1243

Dear Senator Klein, Senator Dahms, and committee members,

I write in strong support of Senate File 998, which will provide authorization and funding for a student loan advocate in Minnesota.

Student loans continue to be a source of great hardship and economic anxiety for Minnesotans. As of 2020, there were 775,300 student loan borrowers in this state with an average debt over \$37,000. Of those, over 85,000 were in delinquency. These borrowers include students but also many parents and senior citizens. In fact, there are over 2.4 million student loan borrowers nationwide 62 and older, and the rate of Minnesota seniors owing student debt increased 46 percent between 2012 and 2017. These numbers reflect the growing cost of attending college and represent a serious burden on Minnesota families, who often struggle with monthly payments and growing balances that prevent them from affording their lives and building a future for their families.

These burdens are made worse by the byzantine set of rules and laws applied to different types of student loans, as well as poor communication by servicers, debt collectors, and others in the industry who have too often not acted in the best interests of borrowers. My Office continues to receive frequent complaints from Minnesotans confused by the identity of their lender, the type of student loan they have, their obligations and options for repayment, different forgiveness programs, and their rights when dealing with their student loan debt.

Sometimes these problems amount to fraud and other types of illegality. For example, my Office last year brought a lawsuit against Navient for various misrepresentations, including statements that it would help borrowers find the best repayment options for them and falsely steering struggling borrowers into costly forbearances. My Office secured \$14 million in debt-cancellation and restitution for Minnesotans as part of that lawsuit. My Office also has brought several other cases against bad actors in the student loan industry, including nearly a dozen cases against companies fraudulently offering debt relief. I also secured \$2.1 million in private debt relief for former Argosy University students affected by fraud and millions in private and federal loan debt relief for borrowers that attended Minnesota's ITT Institute.

To address these issues, I supported the Minnesota Student Loan Borrower Bill of Rights in 2021. That law provided important first steps towards protecting borrowers, including servicer oversight, prohibited practices, duties in communicating with borrowers, and information-sharing with my Office related to enforcement concerns. SF998, however, will greatly improve that legislation and bring Minnesota in line with most states that have the benefit of a student loan advocate. The advocate that would be established and funded with this bill will assist in resolving complaints, aggregate and publish data on student debt, and assist borrowers in understanding their student loan obligations and options. From my experience in enforcing laws affecting student borrowers, advocating for consumers, and interacting with other state officials (including student loan advocates in other states), I can confirm that the advocate envisioned by SF998 will provide a valuable resource for borrowers across the state and help alleviate debt burdens for Minnesota families. I also look forward to working with the advocate in addressing the confusion and abuses that have plagued the student loan industry in recent years and improving Minnesotans' lives.

I strongly encourage your committee to advance this important bill. Thank you for allowing me to provide my recommendations. If you have any questions or would like additional information, my team and I would be happy to help in any way that we can.

Sincerely,

A handwritten signature in blue ink that reads "Keith Ellison". The signature is written in a cursive, flowing style.

KEITH ELLISON
Attorney General