



Student Loan Advocate Biannual Report

Pursuant to Minnesota Statutes, section 58B.011, Subd. 4

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Report Prepared By

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As requested by Minnesota Statutes, section 3.197: This report cost approximately \$2,976.00 to prepare, including staff time, printing, and mailing expenses.

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Background

In 2021, regulation of student loan servicers was put in place by the Minnesota legislature. In 2023, the designation of a Student Loan Advocate (SLA) was added to Commerce’s regulatory oversight (Laws of Minnesota 2023, Chapter 57, Article 3, Section 67).

Minnesota Statutes, section 58B.011, subd. 4 requires Commerce to submit a report to the legislature describing the advocate’s implementation of the law, the outcomes achieved by the advocate during the previous two years, and recommendations to improve the regulation of student loan servicers. This report is the first report for this office and covers the period between October 1, 2023 – December 31, 2024.

Student Loan Advocate

As part of Minnesota’s Student Loan Borrower Bill of Rights, the Student Loan Advocate (SLA) works within the Minnesota Department of Commerce to educate, assist, and protect student loan borrowers by helping them to resolve complaints involving student loan servicers related to loans and repayment. The Student Loan Borrower Bill of Rights provides protections for Minnesotans with student loans that are being serviced.

According to data obtained from the Vendor Oversight Group with the U.S. Department of Education, there are more than 775,000 Minnesota borrowers with outstanding student loans in 2024. The amount of outstanding debt for these consumers is approximately \$26 billion, for an average student loan debt of about \$33,500. There are currently 35 licensed student loan servicers in Minnesota. Six of these servicers are federal contractors.

Notable Implementation Efforts

Since the program’s launch on October 1, 2023, the Student Loan Advocate has implemented numerous projects to further the goals of the office. A summary of these initiatives is below.

Education

The SLA created a student loan education course focused on:

- A general overview of financial aid and how student loans may fit into a student’s financial aid package.
- An in-depth look at student loans and the repayment process.
- Current student loan forgiveness programs, deferment and forbearance, and Income Driven Repayment plans.

Outreach

Since the SLA position is a new position within state government and the Department of Commerce, one important item we continue to work on is raising awareness of the availability of the Student Loan Advocate to Minnesotans and the roles and responsibilities of the SLA. Examples of this outreach include:

- The SLA reached out to 56 Minnesota colleges and universities to encourage posting information about the SLA on their website. So far, 20 of these colleges and universities have done this.

- The SLA has connected with two Native American groups, as well as various other community groups, and attended community meetings to raise awareness of the service provided.

In March 2024, a new SLA web page was added to the Minnesota Department of Commerce’s website. The new page allows a consumer to file a complaint online and to directly contact the SLA. It also contains links to a variety of resources germane to student loans and student loan servicing.¹

From March 30, 2024, through June 30, 2024, the office created and launched a marketing campaign featuring digital and social media advertising, which aimed to drive traffic to the SLA webpage and create levels of higher engagement. The campaign resulted in more than 603,000 total impressions of digital and social media users seeing the ads online and more than 30,000 engagements on advertisements that users clicked for more information.

The SLA collaborated with several internal and external stakeholders to discuss issues in student loan lending, attend the National Association of Consumer Credit Administrators (NACCA) Annual Meeting and Regulators Training Symposium, and participate in monthly meetings with student loan advocates and ombudsmen across the country. Some of the stakeholders that the SLA engaged with include:

- Minnesota Office of Higher Education
- Minnesota Attorney General’s Office
- U.S. Department of Education
- Federal Student Aid (FSA)
- Consumer Fraud Protection Bureau (CFPB)
- State Student Loan Ombuds Group
- National Association of Consumer Credit Administrators (NACCA)
- The Minnesota P-20 Education Partnership

Consumer Outcomes

The SLA breaks down cases into the following two categories:

- **Complaints** - Investigating complaints generated by consumers against student loan servicers, institutions of higher education, and other participants in student loan lending.
- **Inquiries** - Answering questions, providing education, or offering input as the Department of Commerce subject matter expert (SME) for student loan issues.

The SLA has opened more than 200 cases on behalf of Minnesota consumers. The following chart provides data on the total number of cases handled by the SLA from October 1, 2023, to December 31, 2024:

Cases	Source
Total Cases: 247	Email: 147
Inquiries: 137	Phone: 53
Complaints: 110	Online Complaint Portal: 47

¹ <https://mn.gov/commerce/money/consumer/student-loans/>

Noteworthy Assistance to Consumers

The Student Loan Advocate strives to provide quality, timely, and responsive customer service to all Minnesota consumers who reach out for assistance. The following are examples of the types of outcomes obtained on behalf of Minnesota consumers:

- The SLA assisted a consumer who had questions about Total and Permanent Disability (TPD) approval. TPD allows for discharge of a borrower’s federal student loans if they can show they are totally and permanently disabled. The consumer had reached out to the servicer with these questions without success. With the assistance of the SLA, the consumer received a letter from the servicer that TPD had been approved.
- A consumer made a large lump sum payoff of their remaining student loan debt. However, several months later, the payment still had not been credited to their account, nor had the consumer’s loan status been changed to paid in full. With the assistance of the SLA, the servicer finally confirmed the payment was applied and the loan was paid in full.
- A consumer reported their Public Service Loan Forgiveness (PSLF) payment count was incomplete and inaccurate. With the assistance of the SLA, the servicer recalculated and confirmed the account was correctly adjusted. As a result, the additional months of qualifying payments were correctly applied to the account.
- A consumer reported that previous employment had been denied as qualifying for Public Service Loan Forgiveness (PSLF). With the assistance of the SLA, the servicer finally concluded that the employment did count toward PSLF.

Trends in Student Loan Servicing Based on Consumer Feedback

Date	Item
Oct 2023	Student loan payment pause ends and repayment begins.
Nov 2023	Issues with incorrect billing statements for borrowers. Accounts placed in forbearance until issue was resolved.
July 2024 to Current	Consumers enrolled in the Saving on Valuable Education (SAVE) program placed in administrative forbearance, meaning no payments were due for those months. For consumers pursuing Public Service Loan Forgiveness (PSLF), the months in “administrative forbearance” do not count as qualifying payments toward loan forgiveness, unlike previous periods of administrative forbearance. Because of this, loan forgiveness will be delayed for many consumers.
Oct 2024	To ease federal student loan borrowers back into making payments starting in October of 2023, the U.S. Department of Education introduced measures to assist borrowers. One way the agency did this was with a 12-month ‘on-ramp’ that removed the threat of reporting delinquency for those who were not able to make payments. This ended Oct 1, 2024.

Ongoing	There are ongoing lawsuits related to the legality of various student loan forgiveness programs and guidelines. These legal challenges have created continual confusion for consumers and student loan advocates and ombudsmen across the country.
Ongoing	There are ongoing concerns with long wait times for calls to loan servicers and Federal Student Aid (FSA), as well as long wait times for email responses.

Common Complaints related to Student Loan Servicing

Consumers have reported a variety of concerns and questions to the SLA during this period. The most common issues include:

- The return to repayment for student loan borrowers has included numerous challenges, including:
 - Long wait times and customer service issues with loan servicers.
 - Consumers unable to get in contact with their loan servicers.
 - Consumers unaware of changes related to student loan servicing.
- Questions about the impact of legal challenges regarding student loan debt relief.
- Questions about loan forgiveness programs and qualifying criteria.
- Questions about student loan payment history.
- Questions about how and where to find information on borrowing history.
- Unresponsiveness, at times, related to correspondence sent to some servicers by the SLA.
- Concerns about application of past payments.

Recommendations

We will continue to monitor issues involving Minnesota borrowers on a state and national level, which will be the basis for future recommendations.