

California Borrower Advocates Call on Governor Newsom to Sign the Student Borrower Bill of Rights Into Law

California is on Verge of Enacting the Nation's Strongest Consumer Protections for Student Loan Borrowers Following Final Approval by Senate and State Assembly

August 31, 2020 | SACRAMENTO, CA — Today, following approval by the California State Assembly, the Student Borrower Bill of Rights (AB-376, Stone) is being sent to Governor Gavin Newsom. The over 80 organizations supporting AB 376 are now calling on the Governor to sign AB 376 into law and deliver desperately needed consumer protections to nearly 4 million Californians with student loan debt.

On Friday, the State Senate voted 29-9 to pass this important measure authored by Assemblymember Mark Stone (D- Monterey Bay).

With nearly 4 million Californians owing more than \$140 billion in student loan debt -- an average of \$37,000 per individual, the state was in the midst of a student debt crisis long before the pandemic began. Since then, borrowers have continued to struggle to manage their loans and stay afloat. Governor Newsom distinguished himself as a champion for struggling student loan borrowers when in April, he [worked with the student loan servicing industry](#) to deliver payment relief to over a million Californians with private student loans, as these borrowers continue to be ignored by the Trump Administration.

In recent years, private-sector student loan servicing companies have been the subject of numerous investigations and consumer complaints for abusive practices and shoddy treatment that make it more difficult for borrowers to manage their loans, access legal rights to more affordable payment options, and avoid default. The legislation would create enforceable industry-wide standards for loan servicing companies and protect existing and future borrowers from predatory lenders.

"This final vote by the state Assembly brings millions of California student loan borrowers just a signature away from having the rights and protections they need and deserve," **said Seth Frotman, Executive Director of the Student Borrower Protection Center.** "For years, Governor Newsom has been a leader in taking action when others fall short. He can do that again by signing the Student Borrower Bill of Rights into law."

"We applaud the California state legislature for passing AB 376 and moving one step closer to creating the nation's strongest protections for student loan borrowers. We strongly advise Governor Newsom to sign the Student Borrower Bill of Rights into law and provide essential

protections for California's most vulnerable and underserved borrowers," **said Natalia Abrams, executive director of Student Debt Crisis.** "Californians needed robust consumer protections from student loan industry abuses when this bill was introduced over a year ago. Today, in the middle of the worst health and economic crisis in generations, the Student Borrower Bill of Rights is needed more than ever."

"We are pleased that California lawmakers have taken decisive action to stand up for student borrowers, particularly at such a stressful time for families and communities across the state," **said Suzanne Martindale, senior policy counsel & western states legislative manager at Consumer Reports.** "AB 376 establishes common sense rules that will help borrowers manage their education debt and protect them from predatory practices that make loans more expensive. We urge Governor Newsom to sign the Student Borrower Bill of Rights into law without delay."

"With Black and Latinx communities hit hardest by the COVID 19 crisis and its economic fallout, we are pleased that our legislature has decided to stand with the millions of student borrowers across the state, especially those who are most vulnerable," **said Kristin McGuire, Western Region Director at Young Invincibles.** "We are one step closer to ensuring that these protections become a reality in California. We applaud Governor Newsom's demonstrated leadership during this crisis and urge him to sign AB376 into law immediately."

"We applaud the California State Legislature for doing right by nearly 4 million Californian's burdened by student loan debt," **said Arnold Sowell Jr., Executive Director of NextGen California.** "When pursuing the promise of higher education, no student should be subject to predatory lending practices by student loan servicers. By signing this groundbreaking legislation into law, Governor Newsom has the unique opportunity to give real consumer protections to student loan borrowers and make California a leader throughout the nation in helping to solve the student debt crisis."

"The passage of AB 376, and hopefully signing into law by Governor Newsom, would make California the first state in the nation to regulate the aggressive debt collection tactics by student loan servicing corporations," **said Jeff Freitas, President of the California Federation of Teachers.** "AB 376 is a critical step in making higher education affordable for all Californians, including the many educators who are now saddled with crushing debt in order to provide an essential service to California's students."

About the Student Borrower Bill of Rights, AB 376

AB 376, the California Student Borrower Bill of Rights, authored by Assemblymember Mark Stone (D- Monterey Bay) will create new consumer rights for all California student loan borrowers and establish special protections for military personnel and their families, nurses,

teachers, and the disabled community. The legislation would require student loan companies to train their staff to understand these rights and create strong new consumer protections to prevent student loan companies from deceiving and misleading student loan borrowers. This bill also creates new penalties for companies that trick borrowers out of their repayment and public loan forgiveness rights and, for the first time, gives individual borrowers new legal remedies to address predatory and abusive practices.

About Co-Sponsors:

Consumer Reports is an expert, independent, non-profit organization whose mission is to work for a fair, just, and safe marketplace for all consumers and to empower consumers to protect themselves. Consumer Reports works for pro-consumer policies in the areas of financial services, as well as telecommunications, health care, food and product safety, energy, telecommunications, privacy and data security, and competition and consumer choice, among other issues, in Washington, DC, in the states, and in the marketplace. Consumer Reports is the world's largest independent product-testing organization, using its dozens of labs, auto test center, and survey research department to rate thousands of products and services annually. Founded in 1936, Consumer Reports has over 6 million subscribers to its magazine, website, and other publications.

NextGen California is a non-profit organization dedicated to working on California legislative, budgetary, regulatory, and programmatic issues. Originally founded in 2014 to focus on climate and environmental policy, in recent years, NextGen California has broadened its scope to advance solutions to various economic and social justice issues. Specifically, our policy portfolio now encompasses topics such as: criminal justice and immigration; healthcare and food insecurity; mental health and voting rights; student loan debt and the Census; veterans issues and consumer protections; and affordable housing and environmental justice.

The Student Borrower Protection Center is a nonprofit organization focused on alleviating the burden of student debt for millions of Americans. SBPC engages in advocacy, policymaking, and litigation strategy to rein in industry abuses, protect borrowers' rights, and advance economic opportunity for the next generation of students. Led by the team of former federal regulators that directed oversight of the student loan market at the Consumer Financial Protection Bureau, SBPC exposes harmful and illegal practices in the student loan industry, drives impact litigation, advocates on behalf of student loan borrowers in Washington and in state capitals, and promotes progressive policy change. SBPC accomplishes these goals by partnering with leaders at all levels of government and throughout the nonprofit sector.

Student Debt Crisis is a non-profit (501c4) organization dedicated to fundamentally reforming student debt and higher education loan policies. Student Debt Crisis (SDC) takes a personal approach to member needs—working directly with borrowers to understand their challenges and fears, repayment obstacles and frustrations. SDC tackles the challenges of loan refinancing and

consumer protection policies with media and legislators, as well as educating borrowers and higher education experts with lectures, webinars and special events.

Young Invincibles (YI) *is a national nonprofit, non-partisan advocacy and research organization working with and for young adults to address the generation's most pressing economic challenges by amplifying the voices of young adults in the political process. With a focus on higher education, health care, workforce development, and civic engagement, our work is guided by the belief that every young person – regardless of race, gender, socioeconomic status, or any other factor – deserves a fair chance to achieve their goals and reach financial stability.*

The California Federation of Teachers *represents 120,000 teachers, faculty, and school employees in public and private schools and colleges, from early childhood through higher education. It is the statewide affiliate of the AFT. More information at www.cft.org.*