



October 23, 2017

ATTORNEY GENERAL MADIGAN: LEGISLATURE MUST PROTECT STUDENT LOAN BORROWERS FROM DECEPTIVE STUDENT LOAN COMPANIES

Madigan, Advocates Urge Legislative Override of Governor's Veto of Student Loan Bill of Rights That Would Rein in Abuse by Student Loan Companies

Chicago — Attorney General Lisa Madigan today called on the General Assembly to override Governor Rauner's veto of the Illinois Student Loan Bill of Rights when it convenes Tuesday in Springfield. Rauner vetoed the legislation, which was passed to crack down on the student loan servicing industry that has made it more difficult and more expensive for Illinois borrowers to repay their loans. On the eve of the legislature's fall veto session, the Attorney General encouraged lawmakers to protect borrowers, their families and the state's economy.

Madigan was joined by education, consumer and social service advocates at the University of Illinois at Chicago to urge lawmakers to override the governor's veto of Senate Bill 1351. The Illinois Student Loan Bill of Rights was drafted by Madigan's office and sponsored by Sen. Daniel Biss and Rep. Will Guzzardi to address widespread abuses and failures in the student loan industry. These abuses were revealed by Madigan's investigation and lawsuit against Navient, one of the country's largest student loan servicing companies.

"When student borrowers are not given access to tools and information that enable them to select more manageable repayment plans, they are more susceptible to student loan debt scams and less likely to be in a position to contribute to our state's economy – all of which makes Governor Rauner's veto of the Student Loan Bill of Rights even more baffling," Madigan said. "When the governor vetoed Senate Bill 1351, he sided with profitable corporations instead of Illinois' student borrowers and their families, and I urge lawmakers to do the right thing by overriding his action."

Over the past decade, student loan debt has doubled to become the largest form of unsecured consumer debt in the country with more than 44 million borrowers owing over \$1.4 trillion. Nearly 70 percent of graduates leave college with an average debt burden of \$30,000, and one-in-four borrowers are behind on their payments or in default.

Students who attended for-profit colleges are particularly hard hit, making up the vast majority of borrowers in default. While federal income-based repayment options are available, the U.S. Treasury has reported that only 20 percent of eligible borrowers are enrolled in these options, which can lower payments based on income to as low as \$0 a month.

Madigan said Illinois borrowers frequently experience problems with their student loan servicers. Specifically, borrowers in Illinois have complained to her office that their loan servicers failed to inform them of affordable repayment options, follow borrower payment instructions and answer questions consistently.

Because it is so difficult to get legitimate help from loan servicers, student loan borrowers are increasingly turning elsewhere for help. Scam artists have rushed in to exploit desperate borrowers, much like they did during the mortgage crisis, with false promises to help in exchange for large, illegal upfront fees. Madigan has led the country in shutting down illegal student loan debt relief operations preying on borrowers.

The Illinois Student Loan Bill of Rights would protect student loan borrowers by prohibiting student loan servicers from misleading borrowers and requiring that servicers:

- Properly process payments;

- Require specialists to provide and explain to struggling borrowers all of their repayment options, starting with income-driven plans; and
- Inform borrowers that they may be eligible to have their loans forgiven due to a disability or a problem with the school they attended

Attorney General Madigan is a national leader in investigating and enforcing consumer protection violations in the higher education field. In addition to her lawsuit against Navient and Sallie Mae, Madigan has investigated for-profit schools for fraud and repeatedly called on the U.S. Department of Education to immediately forgive federal loans of students who attended fraudulent for-profit schools. Madigan has also testified before Congress and urged the U.S. Department of Education to crack down on the many abuses and scams facing student borrowers. Last week as part of a national crackdown on student loan debt scams, Madigan filed suit against two Illinois companies that charged borrowers as much as \$700 for services already available to borrowers for free.

Madigan also instituted a free Student Loan Helpline to provide student borrowers with resources about repayment options, avoiding default or how to file a complaint about loan servicing at (800) 455-2456 (TTY: 1-800-964-3013). More information can also be found on her [website](#).

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