PRESS RELEASE
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Mulvaney shutters office that protects student borrowers

Last week, Consumer Financial Protection Bureau (CFPB) Acting Director Mick Mulvaney announced plans to close the CFPB’s Office for Students and Young Consumers by merging it with the Office for Financial Education. This will weaken the CFPB’s ability to stand up for borrowers. The Office for Students and Young Consumers is the only federal office dedicated to protecting people with student debt from predatory actors in the financial sector. “With this decision, the CFPB withdraws its commitment to protect students and people with student debt and instead sides with predatory loan servicers, debt collectors and for-profit colleges,” said Victoria Jackson, State Policy Fellow with Policy Matters Ohio.

Mulvaney’s decision comes as the national student loan debt tops $1.5 trillion. The closure is especially harmful in Ohio, where borrowers have higher rates of indebtedness and default than the national average. In Ohio, over 1 million people hold over $57 billion in student debt. Ohio’s 2016 university graduates finished school with an average debt of $30,351, the 14th highest in the nation. More than one in eight borrowers in Ohio default on their loans, a higher share than the national average.

The Office for Students and Young Consumers has helped victims of predatory lending practices recover over $750 million. A Policy Matters Ohio report released last year details predatory practices, such as charging improper fees, and misleading borrowers about minimum payments. From 2012 to 2017, Ohioans submitted nearly 1,700 complaints to the CFPB about the abusive practices of student loan servicers, companies that maintain debt and process payments, and debt collectors.

“The CFPB has been steadfast in its support for student borrowers,” said Jackson. “Mulvaney’s decision to shut down the Office for Students and Young Consumers means Ohioans will be more vulnerable to predatory and abusive practices.”

“With the federal government rolling back its commitment to protect student borrowers, it’s even more important that policymakers in Ohio step up to defend people with student debt from predatory companies,” Jackson said. Jackson pointed to the Ohio Student Association’s Student Debt Liberation Campaign, as a way of defending students with debt from predatory practices by bringing a Borrower’s Bill of Rights to Ohio.

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Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute with offices in Cleveland and Columbus.