

Higher Education

Ohioans need more protection from student-debt trap

Victoria Jackson

More than 687,000 Ohioans owe a total of \$19 billion in federal student loans. Ohioans with student debt struggle to pay back their loans while navigating a predatory repayment climate. In 2014, an estimated 42.2 percent of Ohioans with student debt were distressed— meaning they couldn't fully repay their loans due to financial difficulties or problematic loan terms – 27 percent were delinquent, and 15.7 percent were in default. Borrowers face illegal loan servicing practices and debt relief scams that make it even harder to payback student loans. Student debt disproportionately harms borrowers of color and women.

Student borrowers need more protections than ever. The Consumer Financial Protection Bureau (CFPB), the Obama administration, and Government Accountability Office found industry-wide abuses by student loan servicers that harm people with student debt. The CFPB sued Navient, the nation's largest loan servicer and formerly part of Sallie Mae, for failing borrowers at all stages of repayment. U.S. Department of Education under the Obama administration implemented a series of regulations aimed protecting borrowers from abuses of loan servicers. Many for-profit colleges drive high rates of debt, delinquency and default. The Obama administration created rules to curb the high-debt-to-income ratios and fraudulent job claims made by some for-profit colleges that contribute to default. Trump administration Secretary of Education Betsy DeVos is actively rolling back the regulations.

Several states like Connecticut, Illinois, and Pennsylvania have stepped up to protect their residents with student debt from the predatory repayment climate Ohio lawmakers and officials should follow their example.

The Ohio Student Association and Policy Matters Ohio are joining forces for the "student debt liberation" campaign to protect student borrowers. Over the next few months, Policy Matters and the Ohio Student Association will research student debt in Ohio and organize those directly affected by the problem. The campaign will culminate in a policy platform that helps people repay their loans without being taken advantage of or scammed.