

Higher education

Protect student borrowers from predatory practices

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Higher education helps students get good jobs and improves communities by enabling graduates to make economic and civic contributions to society. More than ever, a college degree is becoming a requirement to enter the middle-class. Unfortunately, attaining higher education often means assuming the burden of student debt, which diminishes the degree's benefits not only to the student, but also to the economy. Over 1.6 million Ohioans have student loan debt totaling \$57.6 billion. For the class of 2016, university graduates in Ohio finished school with an average debt load of \$30,351, the 14th highest in the nation. Ohio's rate of default is 13.6 percent, 2.1 points higher than the national average. Moreover, borrowers often face unscrupulous and sometimes illegal loan servicing and debt collection practices. The predatory repayment climate takes advantage of borrowers desperate to repay their student debt. This report highlights several aspects of student debt and repayment in Ohio:

- Ohioans have higher rates of indebtedness and default than residents of other states.
- People of color, women, low-income people and seniors struggle most with debt.
- Loan servicers, the entities that manage loans, engage in predatory practices that harm borrowers.
- The Consumer Financial Protection Bureau fielded almost 1,500 student loan-related complaints from Ohio.
- Over half those complaints were for "dealing with your loan servicer or lender."
- Collectors on contract with the Ohio Attorney General charge exorbitant fees and use problematic collections practices when pursuing public higher education debt.

Recommendations

To protect Ohio students and ensure they can make ends meet once done with school, lawmakers should implement strong licensing and regulation on bank and nonbank loan servicers operating in Ohio. Ohio should require all servicers apply for licenses in the state; create an ombudsman's office to track and analyze servicer operation and to address and resolve borrower complaints; and change laws that allow the attorney general's office to charge unlimited fees for their contracted debt collectors. More proactive monitoring and enforcement will better protect borrowers' rights.