



Student Loan Advocate Update: Where We Are & Where We're Going

Stephanie Sampedro | Washington Student Achievement Council

WSAC'S MISSION

We advance educational opportunities and attainment in Washington State.



- Policy and research
- Savings and financial aid programs
- Access and support programs
- Consumer protection



WHERE DID THIS BEGIN?

WHY IS A STUDENT LOAN ADVOCATE NEEDED?

- Student loan borrowers are struggling
 - Since 2007, federal student loan debt has tripled, from about \$500 billion to an estimated \$1.6 trillion
 - 43 percent of student loans are considered in “distress”
- Protect borrowers
 - 2019 OIG report stated ED failed to adequately supervise the loan servicers and rarely penalized companies out of compliance
 - ED has not approved or denied a single Borrower Defense to Repayment application in a year.
 - There are over 179,000 applications pending

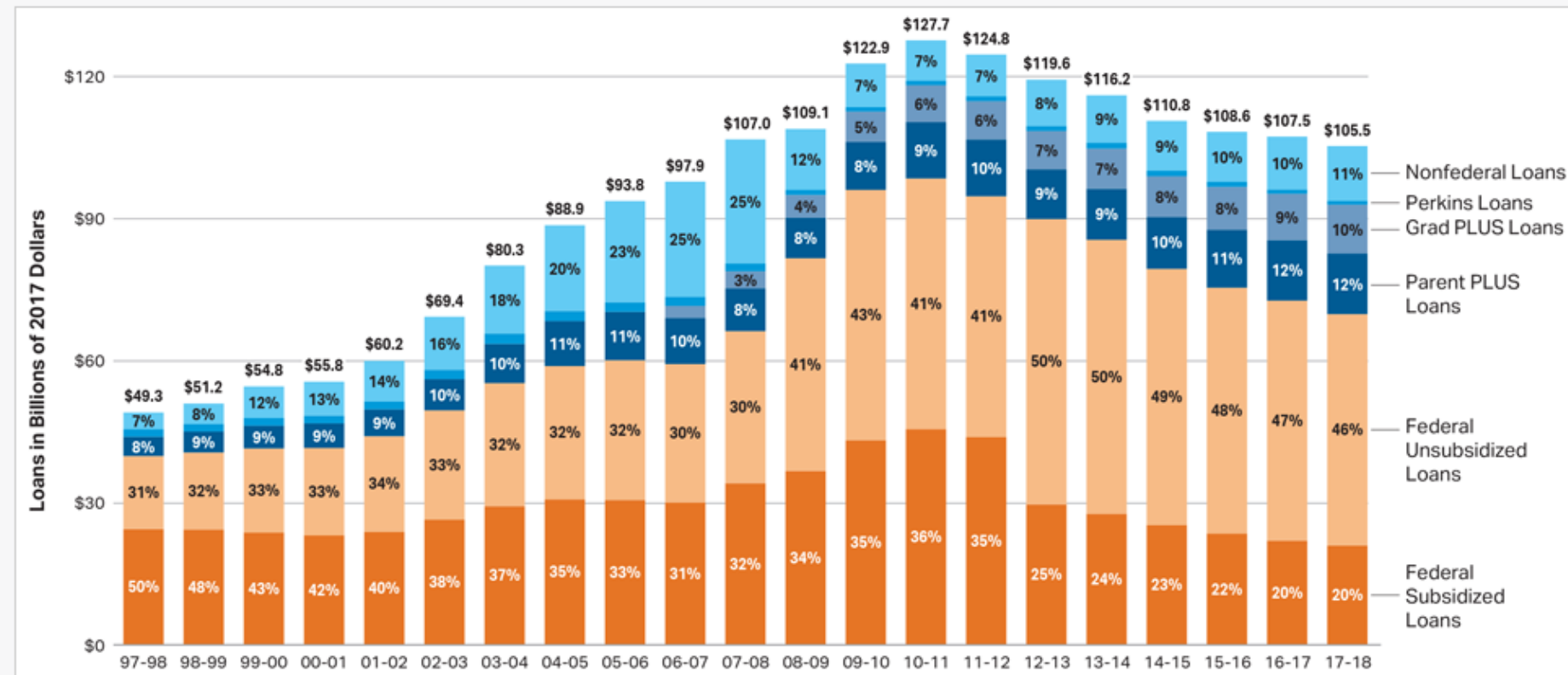
TOTAL FEDERAL AND NONFEDERAL LOANS IN 2017 DOLLARS SINCE 97-98

TRENDS.COLLEGEBOARD.ORG

Figure 6: Total Federal and Nonfederal Loans in 2017 Dollars by Type, 1997-98 to 2017-18

[Download Data in Excel](#)

[See Key Points](#) | [See Also Important](#)



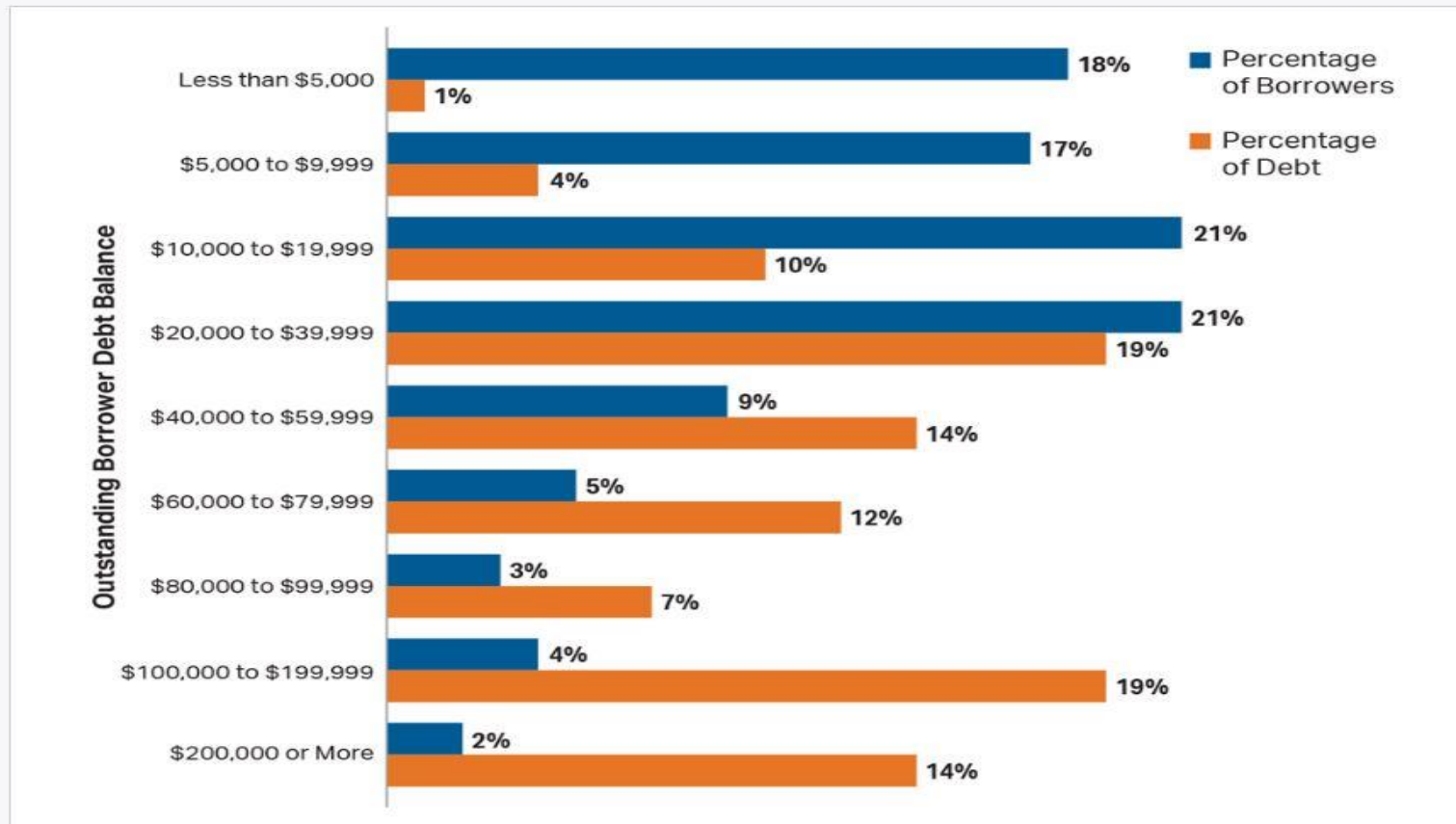
DISTRIBUTION OF BORROWERS AND DEBT BY OUTSTANDING BALANCE

TRENDS.COLLEGEBOARD.ORG

Figure 11: Distribution of Borrowers and Debt by Outstanding Balance, 2018

[Download Data in Excel](#)

[See Key Points](#)



STUDENT LOAN DEBT DISPARITIES

		Median Ratio of Original Balance Still Owed on Federal Loans, 12 Years after Beginning College
TOTAL		80%
Race/Ethnicity and Gender		
American Indian or Alaska Native	Male	N/A
	Female	98%
Asian	Male	45%
	Female	47%
Black or African American	Male	111%
	Female	113%
Hispanic or Latino	Male	79%
	Female	86%
White	Male	56%
	Female	72%
More than one race	Male	76%
	Female	80%

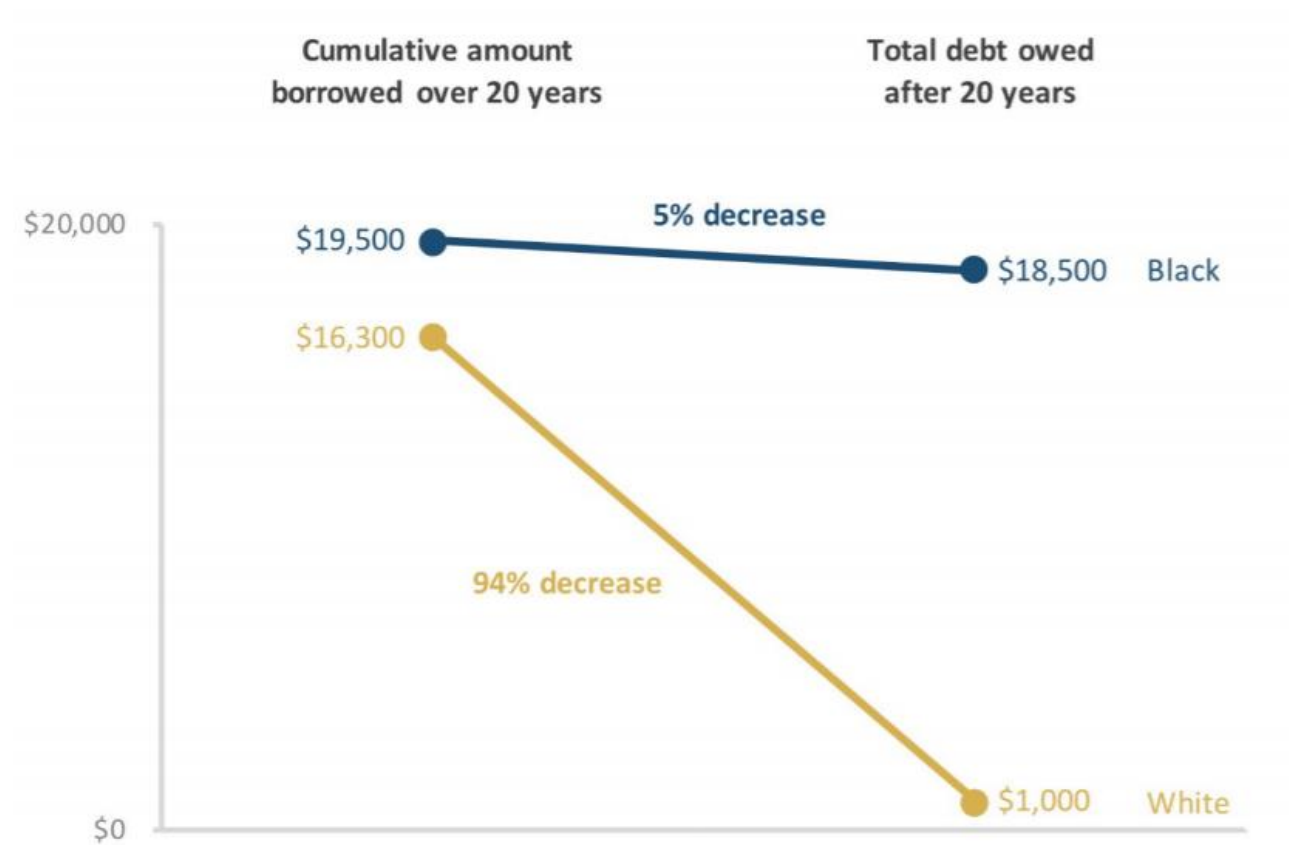
		Median Ratio of Original Balance Still Owed on Federal Loans, 12 Years after Beginning College
Age When Entering College		
18 or younger		74%
19		73%
20-23		95%
24-29		99%
30 or older		97%

Source: Calculations from Source: U.S. Department of Education, National Center for Education Statistics, 2003-04 Beginning Postsecondary Students Longitudinal Study, Second Follow-up (BPS:04/09). Data unavailable for Pacific Islander/Hawaiian borrowers or American Indian or Asian male borrowers due to sample size or unstable estimates. Ratios include those who have fully paid off federal loans.

Demos, June 2019

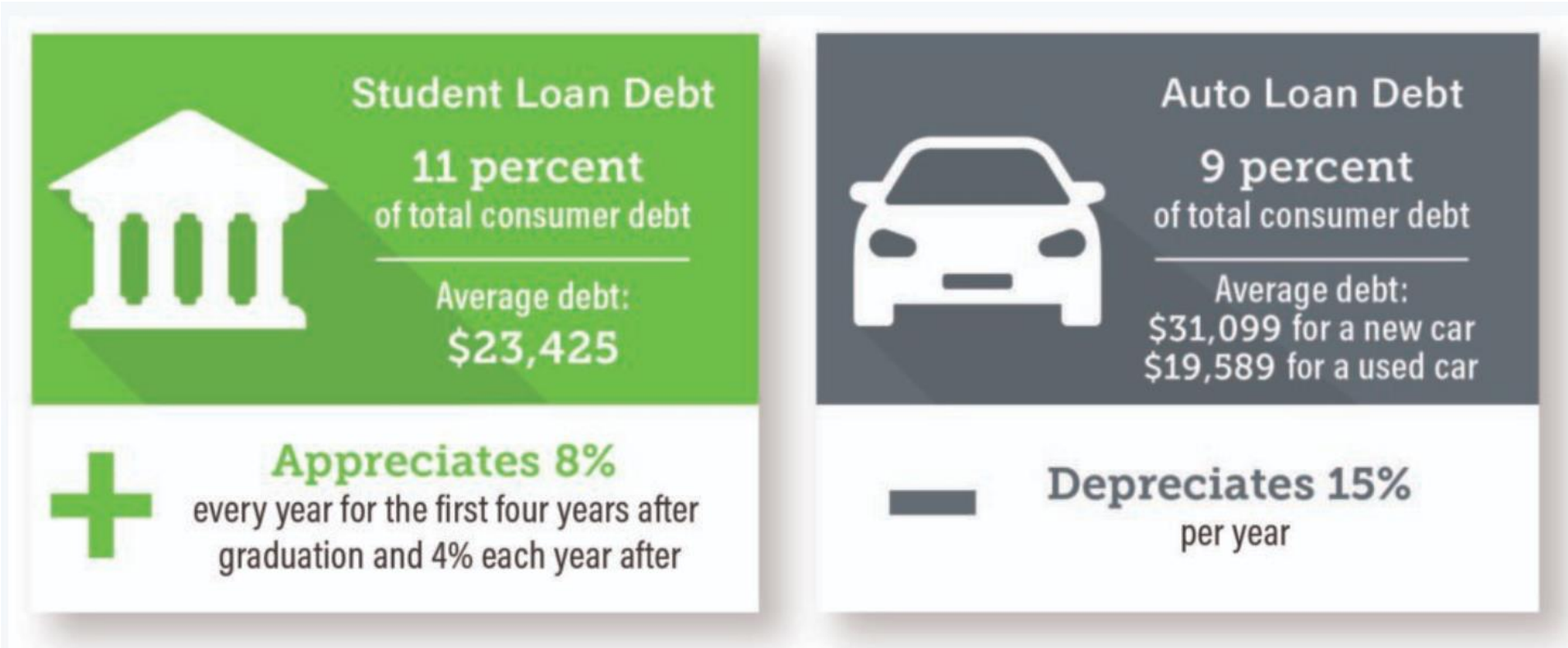
STUDENT DEBT IS WIDENING THE RACIAL WEALTH GAP

Figure 1: 20 years after starting college typical Black borrower still owes 95% of debt, typical White student owes just 6%



Data Source: Authors' calculations of Beginning Postsecondary Students (BPS) survey, BPS: 96/2001 cohort.

STUDENT DEBT VS. CONSUMER DEBT

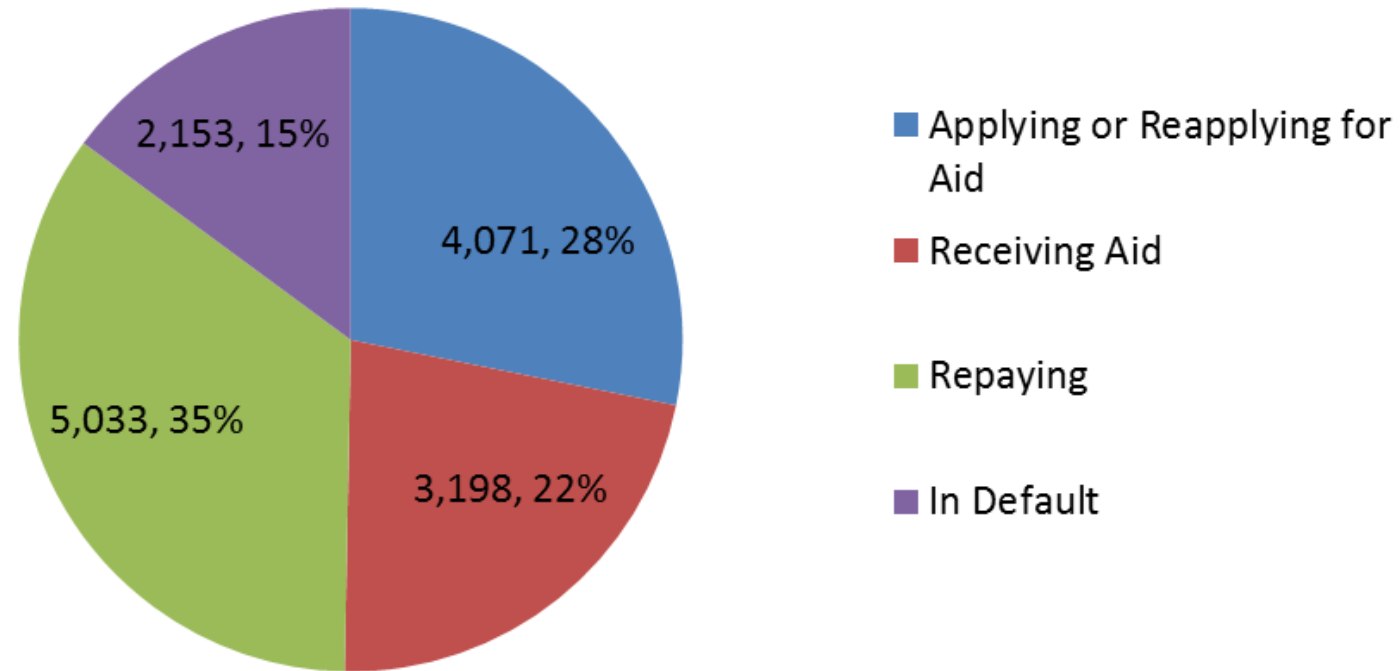


[Colorado's First Return on Investment Report](#)

COMPLAINTS BY LIFE CYCLE PHASE

2017 FSA FEEDBACK SYSTEM ANNUAL REPORT

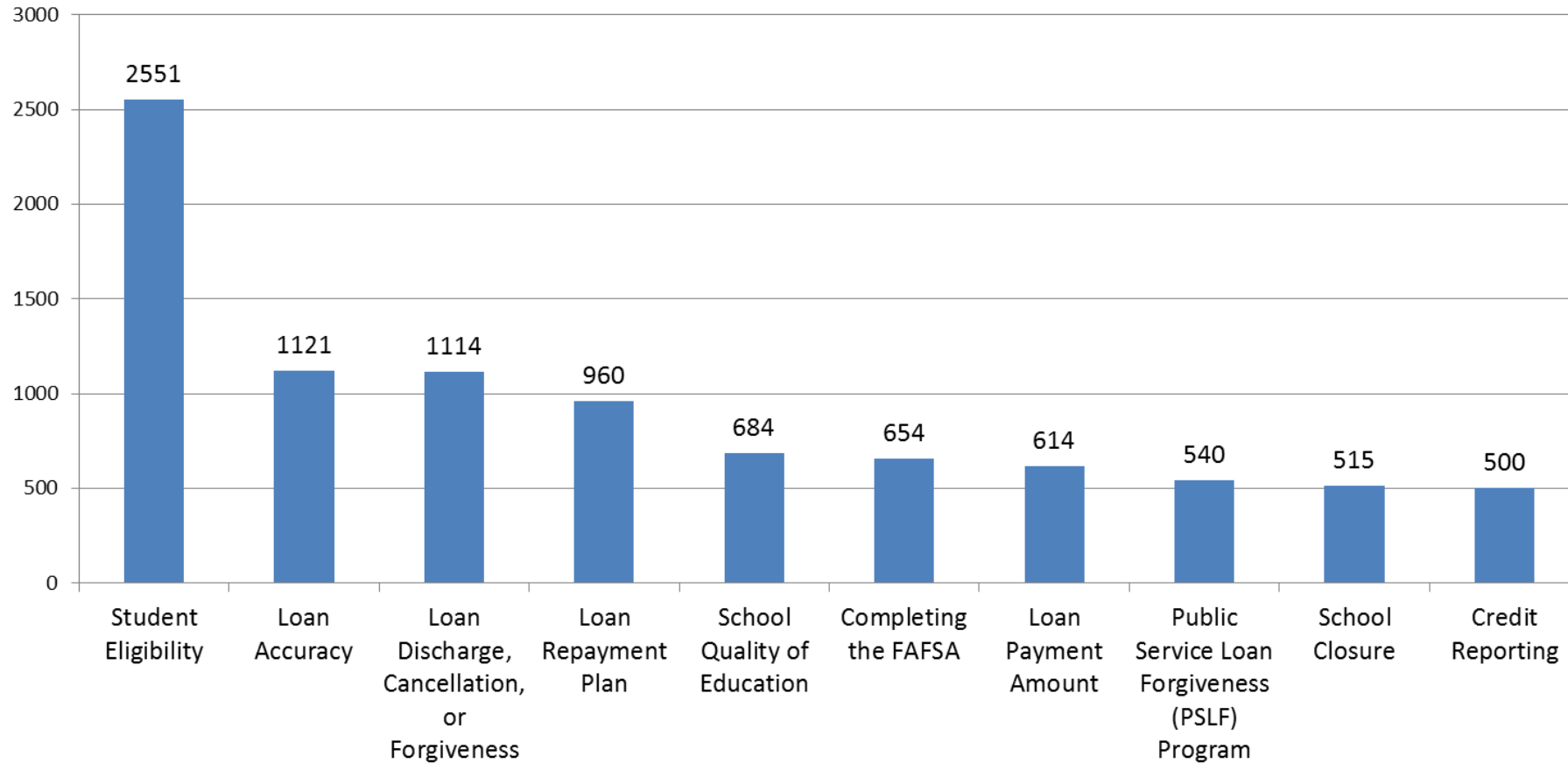
Complaints by Life Cycle Phase



TOP 10 OVERALL COMPLAINT SUBCATEGORIES

2017 FSA FEEDBACK SYSTEM ANNUAL REPORT

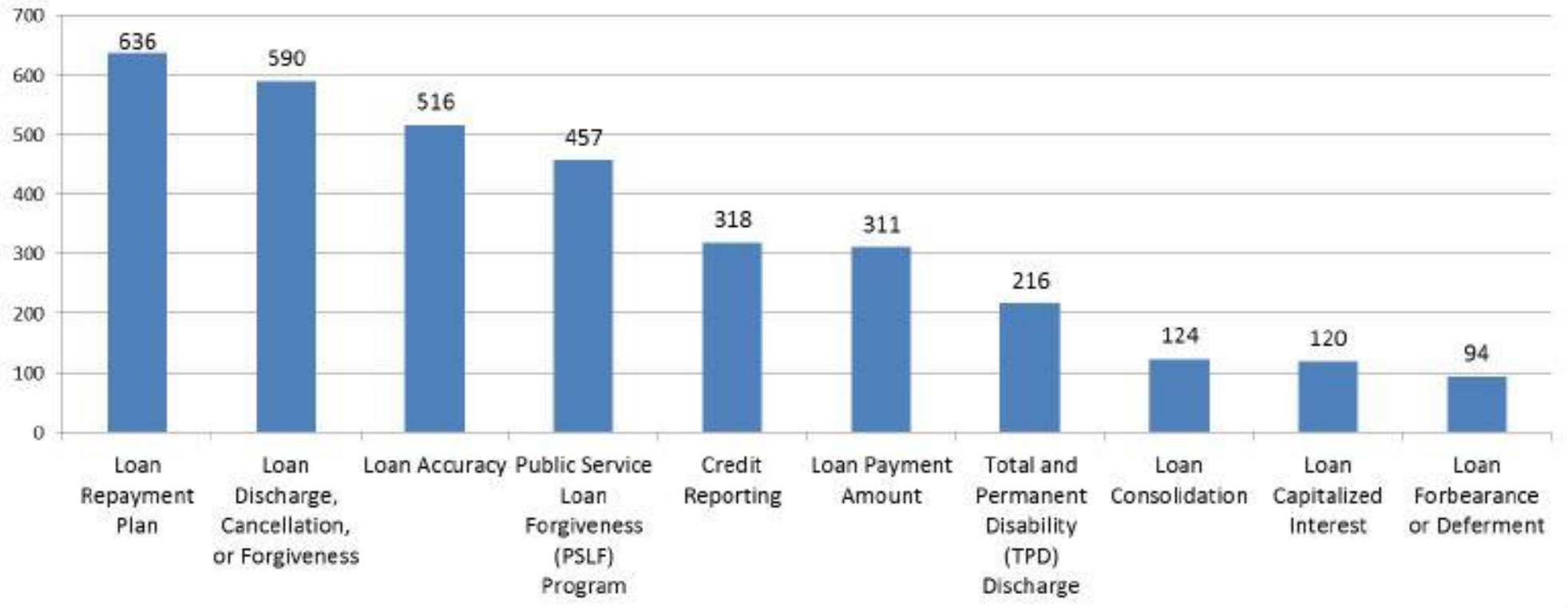
Top 10 Overall Complaint Subcategories



TOP 10 SERVICING-RELATED COMPLAINTS

2017 FSA FEEDBACK SYSTEM ANNUAL REPORT

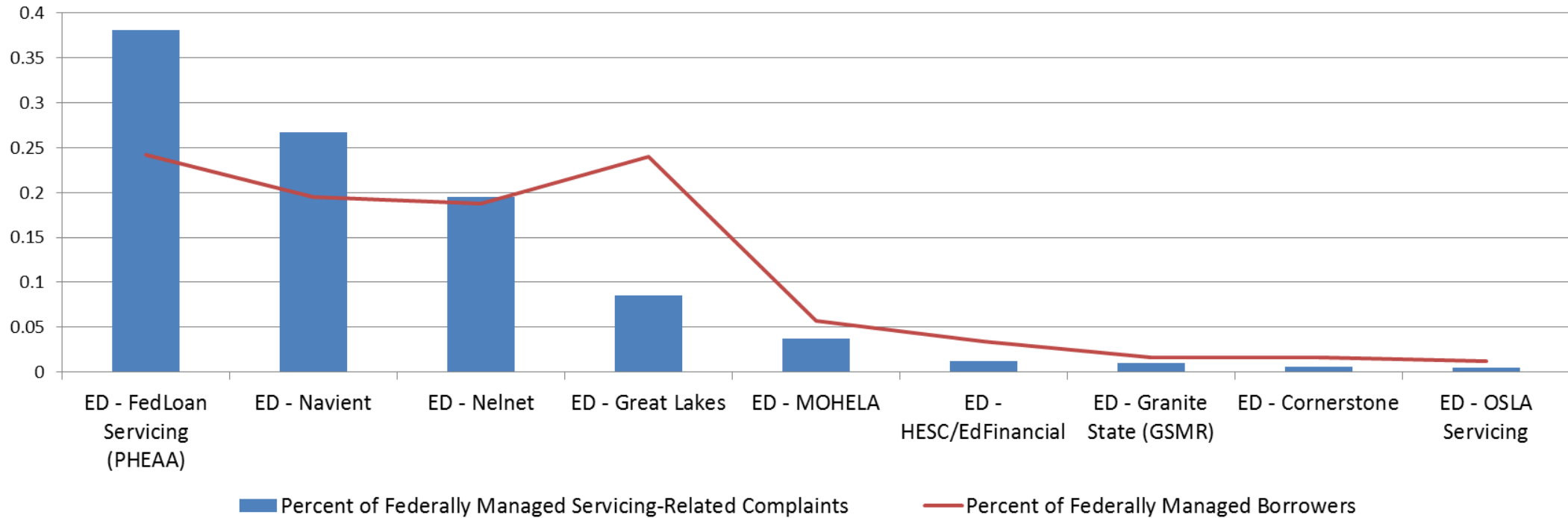
Top 10 Servicing-related Complaint Subcategories



COMPLAINTS BY FEDERAL SERVICER

2017 FSA FEEDBACK SYSTEM ANNUAL REPORT

Servicing-related Complaints by Federal Servicer



STUDENT DEBT IN WASHINGTON

750,000+
student loan
borrowers

\$25.5 billion
outstanding
student debt

\$33,842
average student
debt

96,589
borrowers
in delinquency

\$2.57 billion
in delinquency

36% increase
in senior citizens
w/debt

WASHINGTON STUDENT LOAN BILL OF RIGHTS

- Senate Bill 6029
- Establishes Student Loan Advocate at WSAC
- Student loan servicers must be licensed with DFI
- Schools must notify borrowers about the Advocate
- Allows DFI & AGO to enforce state consumer protection laws
- Third party modification companies must abide by state laws

WHERE ARE WE NOW?

ADVOCATE ROLE

Complaints

Compile and analyze data on borrower complaints –
Ex. Forgiveness/discharge

Work with loan servicers to resolve complaints

Work with AGO & DFI

Education

Rights and responsibilities

Promote Advocate as resource to help borrowers, schools, servicers & lenders

Take any reasonable action to assist borrowers

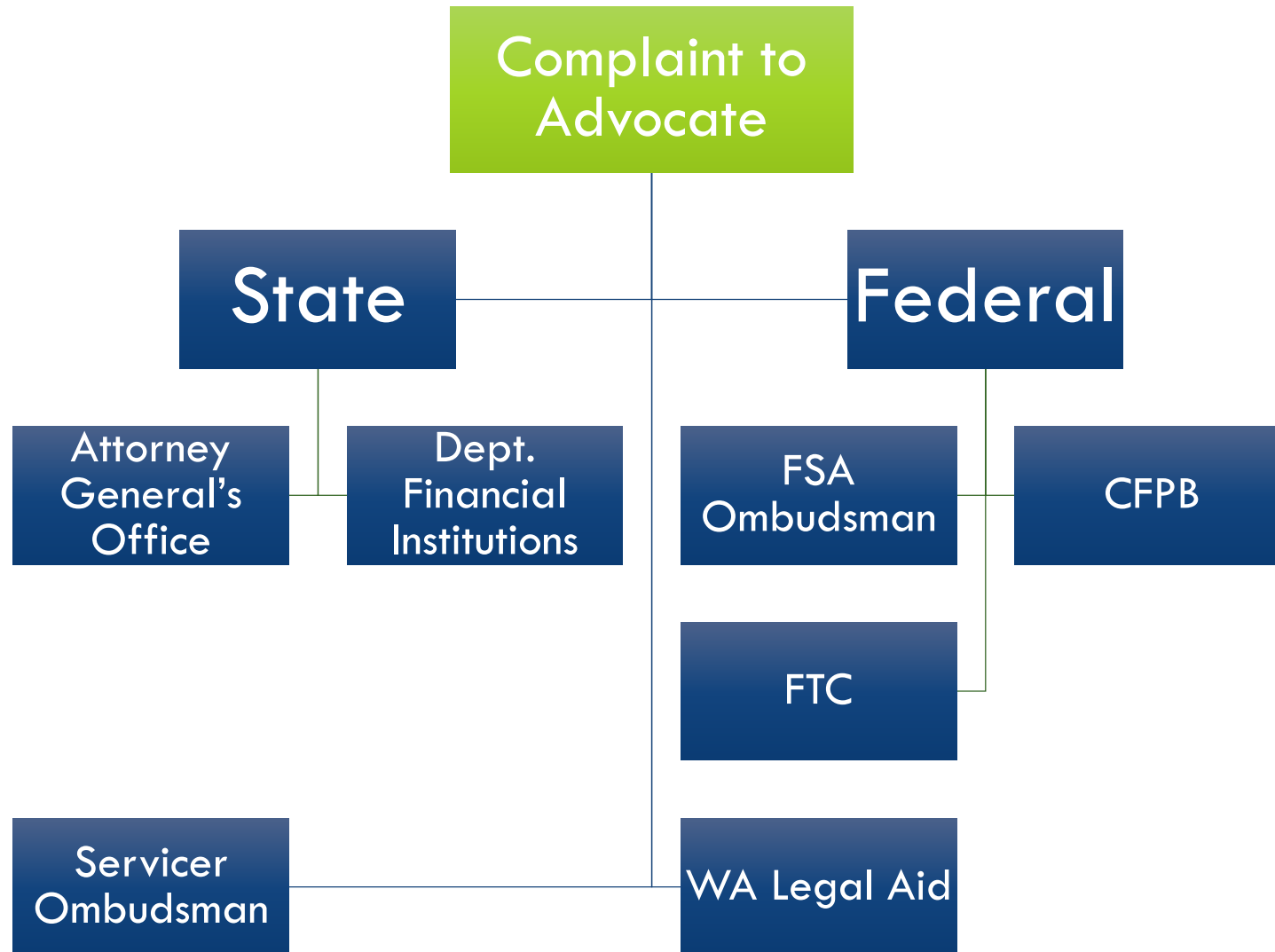
Advocacy

Provide info on borrower concerns to public, agencies, legislators, others

Recommend policy for resolving borrower issues and concerns

Analyze and monitor laws, rules, regulations and policies relating to student loans at all levels

COMPLAINT PROCESS

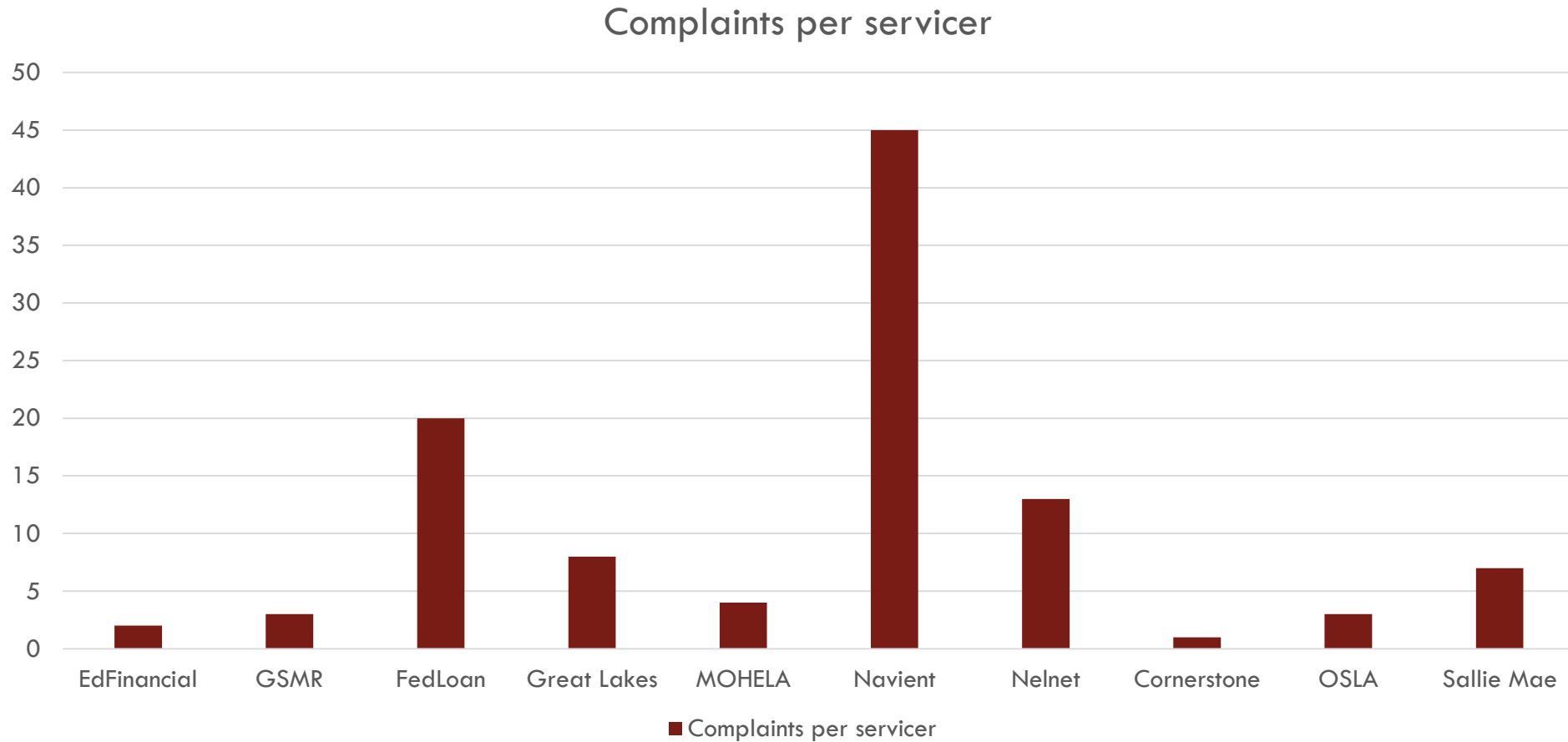


BORROWER REQUESTS (DECEMBER – PRESENT)

Open requests	Closed requests	Total received
184	157	341

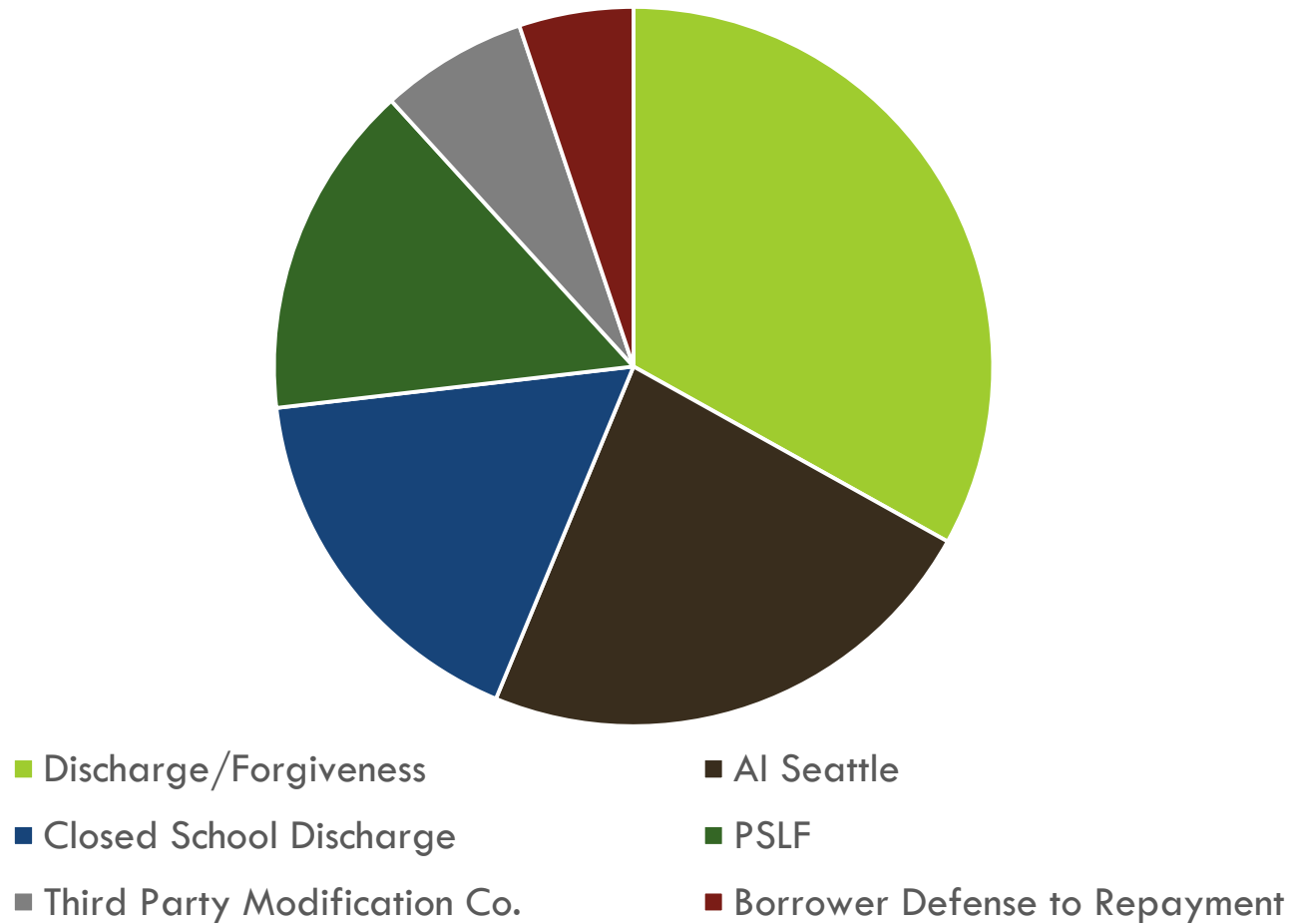
Reasons for closed requests	
Information provided	Non-WA Resident Referral
Referral to other Department/Agency	Issue unrelated to student loans
No further assistance can be given	Borrower/other agency resolved issue

SERVICER TRENDS



BORROWER INQUIRY TRENDS

Top Borrower Complaint subjects



COMPLAINT TRENDS

Discharge / Forgiveness – 90 cases

- PSLF, Teacher Loan Forgiveness
- Disability discharge
- Closed School Discharge
- Borrower Defense to Repayment
- Many, many more

AI Seattle – 64 cases

- Closed School Discharge
- Private loan collections
- Issues with transcripts

COMPLAINT TRENDS

Public Service Loan Forgiveness – 41 Cases

- Wrong loan type
- Servicer miscounting eligible payments
- TEPSLF
 - \$10.6M/\$700M forgiven (1.5%)
 - 262/38,460 applicants forgiven (0.7%)

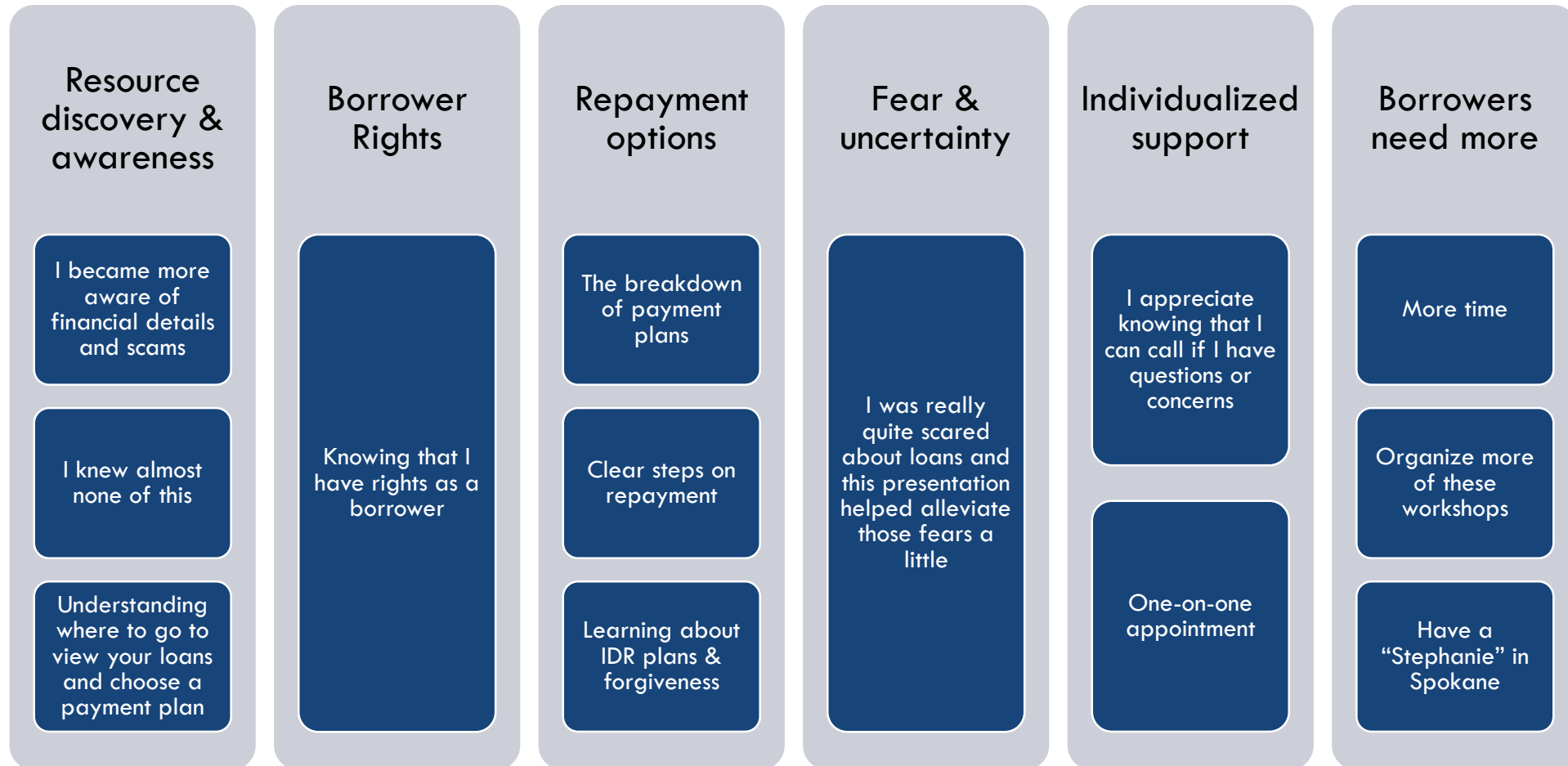
Third Party Modification Companies – 18 cases

- Borrower pays a company for loan “forgiveness” or to get a lower monthly payment
- Borrower is overwhelmed by repayment process and uninformed
- Companies often cause harm and charge high fees

EDUCATION

- Facilitated loan repayment workshops at seven campuses across the state from Bellingham to Walla Walla to Spokane.
- Some survey results:
 - 94% said they learned how to **identify a student loan scam**
 - 93% said they now understand their **rights as a borrower**
 - 93% said they have a better understanding of **how repayment works**
 - 91% said they know where to **make a complaint** about their student loans

WORKSHOP FEEDBACK



ADVOCACY

Represent borrower interests to servicer

2020 legislative report

New state loan refinancing program

FSA Ombudsman caucus

National Consumer Law Center

WA Legal Aid

UPS & DOWNS THUS FAR

Wins


- AI Seattle school closure support
- Tuition Options
- Statewide workshops

Challenges

- AI Seattle closure issues ongoing
- NSLDS access
- Third party authorization
- Inconsistencies in servicer documentation

WHERE WE'RE GOING

COMPLAINT PORTAL WILL BE LIVE!



Welcome to the Washington State
Student Complaint Portal

Sign in

Search

Before you submit a complaint through the Washington State Student Complaint Portal, please consider the following:

- Have you exhausted your school's complaint/appeals process?
- Is your complaint regarding a FERPA violation?
- Is your complaint regarding funds administered by the U.S. Department of Veterans Affairs?

Didn't find your answer?

SUBMIT A COMPLAINT

Be advised that copies of complaints will be made available to the school involved and may be made available to other federal, state, or private agencies, and—upon request—to members of the public.

EDUCATION COURSE MODULES

Finding loan
info

Repayment
plans

Forgiveness,
Refund, &
Discharge

Identifying
student loan
scams

How to make a
complaint

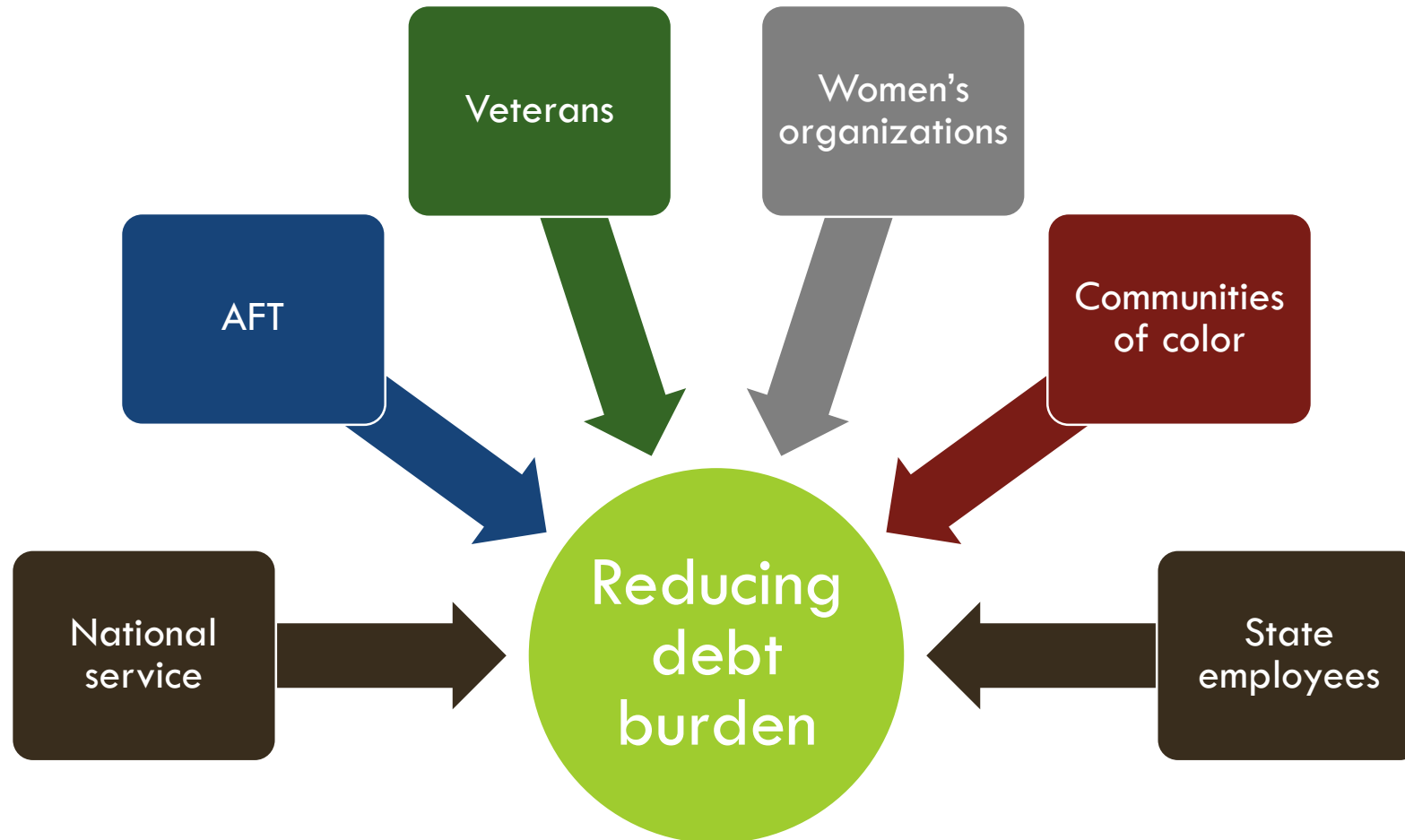
**Student debt &
other financial
decisions**

**Service
members and
veterans**

**State-based
tuition
recovery**

Federal
consumer info
& warnings

TARGETED PARTNERSHIPS



EDUCATION POLICY INTERSECTIONS

College access

- 12th year campaign
- GEAR UP

Affordability

- Reducing the need to borrow
- Award letter & loan literacy

Adult Re-engagement

- Roadmap goal of 70% of WA adults ages 25-44, will have a postsecondary credential
- Launching College and Career Compass tool

Consumer Protection

- Work closely with other WSAC teams & state agencies

Transitions

- “Connect and align the work of educational programs to support student transitions from secondary and postsecondary education to the workforce”

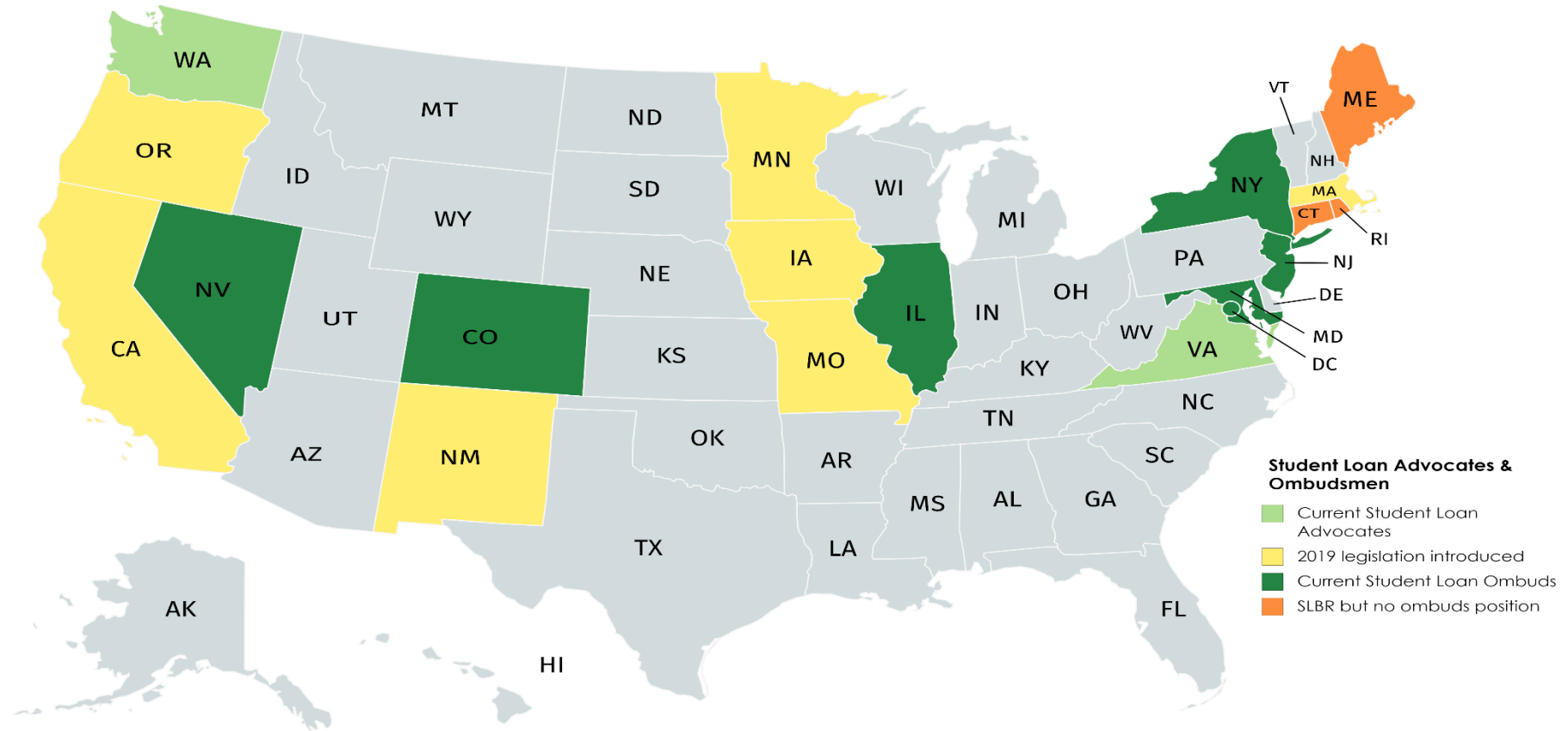
Societal benefit

- “Economic and social benefit of postsecondary education”

2020 LEGISLATIVE REPORT & POLICY IDEAS

- Implementation of the Student Loan Bill of Rights
- Effectiveness of the Advocate
- Types of complaints received & how they are resolved
- Other data on outstanding student loan issues faced by borrowers
- Make recommendations for resolving these issues and concerns
 - WA partial “forgiveness” for public sector work
 - Partial “forgiveness” for borrowers who were denied PSLF
 - Require all servicers to tell borrowers if they are currently eligible for PSLF if they ask
 - Loan relief for struggling borrowers
 - Study of the effectiveness of debt letters
 - ISAs are not the solution to the student debt problem

NATIONAL MOVEMENT



Created with mapchart.net ©

QUESTIONS?

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