



- AFSCME Council 36
- AFSCME Council 57
- AFSCME/MWD Local 1902
Metropolitan Water District
- AFSCME/MAPA Local 1001
Metropolitan Water District
- AFSCME/UAPD Local 206
Union Of American
Physicians And Dentists
- AFSCME/UC Local 3299
University of California
- AFSCME/UNAC NUHCE
United Nurses Associations
Of California
Union of Health Care
Professionals
- UEMSW Local 4911
United EMS Workers

June 11, 2019

**TO: The Honorable Steven Bradford, Chair
The Honorable Members of the Senate Committee on Banking and Financial
Institutions**

RE: Assembly Bill 376 (Stone) – AFSCME SUPPORT

The American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, would like to inform you of our **support for Assembly Bill 376**, as amended on May 16, 2019.

According to the Consumer Financial Protection Bureau there is currently over \$1.3 billion of student loan debt across the nation, with California holding over \$134 billion alone. As students now rely more on student loans than ever before to pay for their education, there must be steps taken to ensure that abusive practices in this field are ended. Currently, there are few laws which regulate the practices that student loan servicers can engage in. As a result, a generation of students are graduating from college with a mountain of debt under the subjugation of student loan servicers who often engage in predatory actions. This puts a tremendous strain on a borrower's ability to afford basic necessities while they repay their student loans. There are few protections or avenues of recourse for a borrower to take if they suffer damages, which leaves students at the mercy of student loan servicers.

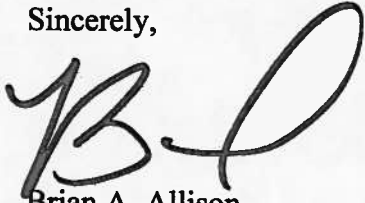
AB 376 establishes the Student Borrower Bill of Rights which sets required standards for student loan servicers to adhere to and allows borrowers to sue if they receive damages stemming from a violation of the provisions of this Act. Among the standards set are requirements that servicers set reasonable past due fees which are proportional to the cost of the loan, process payments in a timely manner, protect borrowers inquiring about their loan from negative credit reporting and other financial injuries, and apply overpayments in the best interest of the borrower. The bill would also create a Student Borrower Advocate in the Department of Business Oversight who would receive and review complaints, refer complaints to appropriate units of the Department, and analyze data on the implementation of these provisions.

Student loan debt will continue to be an issue that our nation continues to grapple with, as more young people leave institutions of higher education with fewer prospects for paying off their growing debt. California is taking the lead in enacting this bill by instituting some of the strongest protections for those facing student loan debt. AFSCME is firmly committed to ensuring that the next generation will be provided the opportunity to participate in our economy. When people are free from the bondage of crippling student loan debt, they are better suited to be productive and are able to provide for their families. This bill assures working people that no matter the amount of debt they owe, they still deserve fairness and protection from those who seek to profit off their financial situation.

Please join us in supporting Assembly Bill 376.

Should you have any questions regarding our position in this matter, you may call me at your earliest convenience. AFSCME also reserves the right to change our position in the event of future amendments.

Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a cursive 'A' and a large, sweeping 'L' that loops back to the right.

Brian A. Allison
Political and Legislative Director, California