



Testimony to the House Economic Matters Committee
HB 1562: Action to Collect a Private Education Loan – Required Documents
Position: Favorable

March 2, 2020

The Honorable Dereck Davis, Chair
House Economic Matters Committee
Maryland General Assembly—House
Legislative Services Building
90 State Circle
Annapolis, MD 221401

Chair Davis and Members of the Committee:

My name is Ramond Curtis, and I am the State Policy Manager for Veterans Education Success, a nonprofit veterans service organization that advocates for public policy to ensure veterans' higher education success and to protect and defend the integrity and promise of the GI Bill. Thank you for this opportunity to testify in support of HB 1562, which will significantly reduce abusive debt collection tactics and increase protections for private student loan borrowers, many of whom are military veterans.

A common misconception about veterans is that we do not have the need to take out private student loans. Many believe that the GI Bill covers the entire cost of tuition and living expenses for all student veterans, but this is not always the case. There are many reasons student veterans take out loans to complete their education. For-profit colleges and some nonprofit colleges cost more than the GI Bill covers, forcing veterans to turn to loans to cover the cost. In addition, not all veterans qualify for the full GI Bill benefit: 25 percent of veterans using the Post-9/11 GI Bill qualify for less than its full amount, based on their military service.¹ Other veterans may need loans because they exhaust their GI Bill benefits before completing their education, or because the housing stipend was insufficient or their personal circumstances necessitate it. Finally, sometimes the school a veteran attends isn't approved for VA benefits, so they have to finance it on their own. I am an example of a veteran who did just that. In 2007 when I returned from Iraq, I attended a performing arts academy not covered by the GI Bill. I took out private student loans to cover expenses not covered by the Pell Grant and government subsidized student loans. Many veterans find themselves in the same situation. Maryland is home to approximately 400,000 veterans, with tens of thousands of veterans attending private for-profit schools and four-year colleges each year.

¹ See Veterans Education Success, "Veteran Student Loan Debt Before and After the Post 9-11 GI Bill" (2018), available at <https://vetsedsuccess.org/veteran-student-loan-debt-before-after-the-post-911-gi-bill/>



I have attached our research team’s analysis of veterans with private loan debt according to federal Education Department’s data (see fig. 1).²

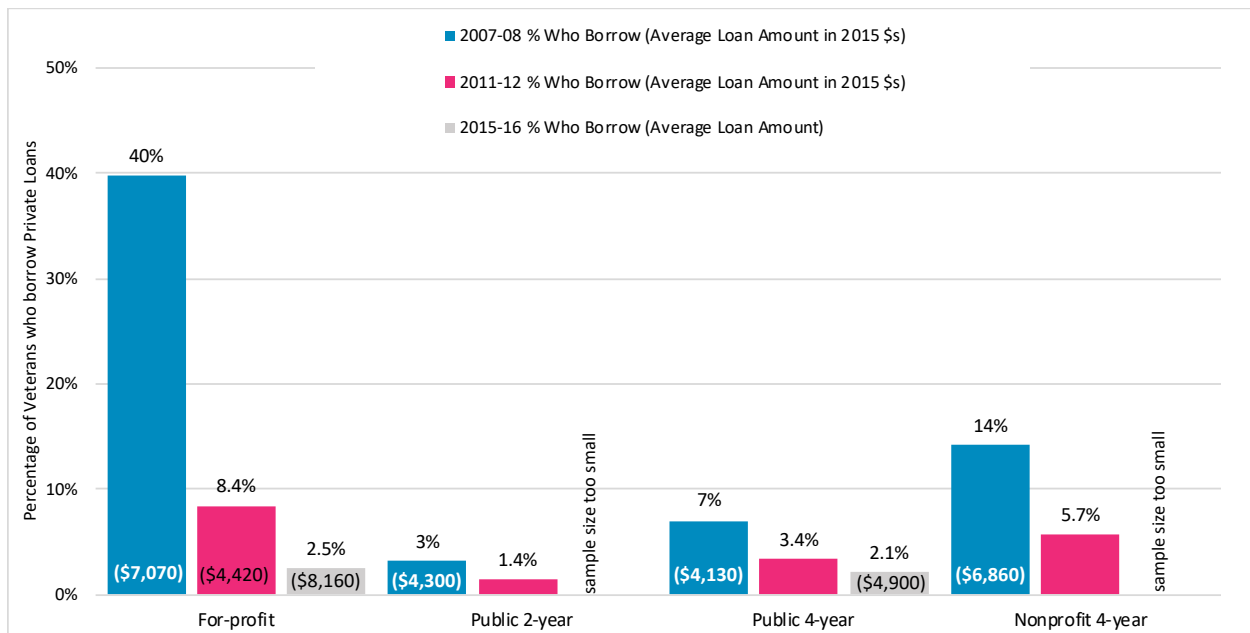
By passing HB 1562, you will ensure that private student loan borrowers across Maryland, including many veterans, are protected from abusive debt collection tactics. This bill would ban abusive debt collection tactics by preventing creditors from obtaining court orders to garnish wages and seize assets to repay defaulted student loans that creditors cannot prove borrowers owe, and it offers borrowers tools to halt abuses when debt collectors and creditors break the law.

I urge your committee to move favorably on the bill.

Sincerely,

Ramond Curtis

Figure 1



² Ibid.