



NEW YORK STATE SENATOR

Kevin Thomas

## Senator Thomas Secures Much-Needed Student Loan Regulation in FY 2019 State Budget

JERRY BARMASH April 1, 2019

| ISSUE: **2019-20 BUDGET, STUDENT LOANS**



(Garden City, NY) – After weeks of feverish negotiations, State Senator Kevin Thomas, chairman of the Consumer Protection Committee, secured student loan regulations in the FY 2019 State Budget as part of his commitment to easing burdensome debt taken on by thousands of New Yorkers every year to further their education.

According to a 2016 report by the Comptroller, New York student loan debt is over \$82 billion and growing exponentially. Over the past decade student loan debt in New York has grown by 112%; creating financial challenges for many New Yorkers.

There are several large non-bank entities that service federal student loans and are responsible for collecting payments, offering support services, and consulting on repayment plans. However, because they are not required to be licensed and regulated, it is difficult to uncover bad or deceptive practices, such as misleading the borrower, misapplying payments, or submitting false information to credit agencies. Senator Thomas' groundbreaking legislation would require all student loan servicers to obtain a license from the Department of Financial Services.

State Senator Kevin Thomas said, "All entities, including non-bank entities, that service federal student loans should be properly licensed and regulated. Too often, unassuming New Yorkers, looking to further their education, become victimized by deceptive consumer practices. This cannot continue. I am thrilled this vital legislation is included in this year's budget. It a huge win for the millions of people, including myself, still carrying large student loan debt. I want to thank Majority Leader Stewart-Cousins and my colleagues for recognizing the need for student loan regulation and I look forward to continue advocating for a fair and transparent student loan process."