

Students and Young Consumers Empowerment Act

Introduced by: Rep. Suzanne Bonamici (D-OR) and Rep. Katie Porter (D-CA)

The Problem

Before 2018, the Consumer Financial Protection Bureau operated the Office for Students and Young Consumers in its capacity as a consumer protection agency to help provide student loan borrowers with the information and protection they deserve to determine the effects of their student loans on their financial security. Unfortunately, under the Trump Administration, many of the essential functions of the CFPB – including the Office for Students and Young Consumers – were eliminated, harming millions of people across the country, including student loan borrowers and young consumers.

Shutting down the only office in the federal government charged with protecting young Americans from abuse by the financial services industry diminished the CFPB’s mission and weakened its enforcement capabilities. The closure of the Office for Students and Young Consumers also halted oversight and review of deals between colleges and financial institutions. Before its closure, this office returned more than \$750 million to students and student loan borrowers through actions against unscrupulous student loan companies and for-profit colleges and helped more than 60,000 borrowers who submitted complaints about the student loan industry to the CFPB. Notably, in January 2017, the CFPB and the Office for Students and Young Consumers held the nation’s largest student loan servicer, Navient, accountable for cheating more than 1 million student loan borrowers out of their repayment rights.

Encouragingly, the Biden Administration’s many steps to protect borrowers include strengthening the CFPB’s ability to protect student loan borrowers against illegal lending practices. In November 2023, the CFPB worked with 11 states to provide more than \$30 million in relief to student borrowers who were trapped by abusive debt collection practices and income share loans with misleading terms.

The Solution

Reopening the Office for Students and Young Consumers is essential to strengthen the CFPB’s ability to build on its renewed commitment to protecting student loan borrowers and other young consumers. The *Students and Young Consumers Empowerment Act* would restore the Office for Students and Young Consumers and strengthen the CFPB’s ability to protect borrowers, prevent fraudulent and misleading actions by unscrupulous organizations seeking to exploit students, and preserve the integrity of the student loan marketplace and access to affordable higher education. Specifically, the *Students and Young Consumers Empowerment Act*:

- Establishes the position of the Assistant Director and Student Loan Borrower Advocate as head of a statutorily mandated Office for Students and Young Consumers (Office) charged with:
 - empowering students, young consumers, and their families to make better informed decisions regarding consumer financial products and services;
 - identifying new risks to consumers and referring cases for enforcement; and
 - making recommendations to Congress about how to protect young consumers;
- Empowers the Office to work with private and Federal student loan borrowers to resolve complaints against lenders, servicers, and debt collectors;
- Requires information sharing between the head of the Office and senior officials across the federal government to allow the Office to carry out its duties and effectively protect student loan borrowers;

- Gives the Office new tools to demand data from industry about risky practices, and requires annual reports about the student loan marketplace, campus banking, and risks to young consumers; and
- Provides Congress with new tools to hold CFPB accountable for the requirements in this Act.