

August 25, 2017

To the Honorable Members of
The Illinois Senate
100th General Assembly:

Today, I veto Senate Bill 1351, which seeks to create the Student Loan Servicing Rights Act.

While the intent of this bill to support struggling student-loan borrowers is laudable, the bill, as written, encroaches on federal government's responsibilities and would add confusion to the already complex student loan process.

This legislation would require servicers to be licensed by the state, adding another layer of Illinois state bureaucracy without any guarantee the change would improve service. In fact, this requirement may push smaller servicers out of business. The recent U.S. Department of Education decisions regarding student-loan borrowers have been cause for concern. Therefore, my staff will continue to work with the department and members of Congress to address these concerns as the federal government moves to reauthorize the Higher Education Act.

Students do need additional support in understanding their loan repayment options, but loan servicers are not the appropriate actors for the role. Instead of adding another layer of state bureaucracy in the form of a student loan ombudsman, the General Assembly should consider allocating those funds to nonprofit counselors who are far more effective at advising students than any government agency.

There are several important components of the Student Loan Bill of Rights contained in SB 1351. Students should not be defrauded – purposely or through incompetence – by their loan servicer. I urge the sponsors to work with members of the Department of Education and my office to ensure a set of common-sense student protections that will not conflict with evolving federal regulations and to craft a more narrowly tailored bill to support student-loan borrowers in Illinois. Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return Senate Bill 1351 entitled “AN ACT concerning education,” with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner
GOVERNOR