

The Honorable Mitch McConnell
Majority Leader
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Paul Ryan
Office of the Speaker
H-232 The Capitol
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
Democratic Leader
H-204 The Capitol
Washington, DC 20515

February 13, 2017

Re: The CFPB Solves Student Debt Problems

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, and Leader Pelosi:

On behalf of the undersigned national, state and local organizations, we are writing to express our strong support for the crucial work the Consumer Financial Protection Bureau (CFPB) does on behalf of student loan borrowers. We also urge you to ensure the agency remains well-positioned to solve borrowers' problems, which includes protecting the Bureau's single-Director structure and its independent funding, and maintaining Director Richard Cordray until his term ends.

Student loan borrowers suffer more problems in the campus marketplace than should be tolerated. Taxpayers invest billions in federal aid and state funding each year for students to go to college and get ahead. Despite this investment, students who borrow graduate from college with an average of \$30,000 in debt. That debt drags on the individual borrower in the form of lifetime wealth loss, but it also drags on our economy, as some borrowers may now delay purchasing a home and starting families. Even after graduation, student borrowers are still behind.

The problems that cause student debt are many, but they are made worse when students encounter tricky financial products on campus or predatory loans by bad actors that cause them to lose even more money. The CFPB works hard to fight against these and other illegal practices in student lending.

Here is just a sampling of some of the actions the Bureau has taken to protect student loan borrowers:

- In October 2012, CFPB uncovered barriers that service members with student loans encountered with Sallie Mae and Navient, such as the need to keep re-applying for guaranteed interest-rate reductions during active duty. It shared this information with the Department of Justice which was able to secure refunds for 78,000 service members who had been systematically overcharged.
- In February 2015, CFPB secured \$480 million in automatic debt relief for students who took out high-cost private student loans while attending a campus of the Corinthian Colleges, lured into the loans through advertising of false job prospects and career services.
- In July 2015, CFPB ordered Discover Bank to refund \$16 million to student loan borrowers who were denied access to information needed to obtain federal income tax benefits, and who received notices overstating their monthly payment minimums.
- In September 2016, the Bureau found that students at the for-profit chain Bridgepoint Education were lured into taking out private loans offered by their schools under the false promise that the loans could be

repaid at \$25 a month. The agency negotiated a settlement with Bridgepoint resulting in \$24 million loan forgiveness and debt discharge for these students.

- In January 2017, CFPB filed a lawsuit against the nation's largest student loan servicer, Navient (formerly part of Sallie Mae), alleging the company steered borrowers into consecutive forbearances when the borrowers were eligible for a much cheaper option: income-driven repayment. Thus far, two state attorneys general (Washington and Illinois) have joined the Bureau in their own lawsuits against Navient.

These problems not only negatively impact borrowers, but they also hurt taxpayers, who should not have to foot the bill when predatory actors break the law.

A weaker Consumer Financial Protection Bureau will result in more predatory lending and higher debts for students. As the nation continues to tackle high student loan debt, now is not the time to weaken this agency's impact on students and families. The Bureau must remain independent of political pressure, capable of routing out deception with the right tools, and led with the competence of Mr. Cordray as it strives to solve problems for students and taxpayers.

Sincerely,

Alaska Public Interest Research Group
American Association of University Women
American Federation of Labor-Congress of Industrial Unions
American Student Association of Community Colleges
American Federation of Teachers
Americans for Financial Reform
Arizona Public Interest Research Group
California Public Interest Research Group
California State Student Association
Center for Responsible Lending
Connecticut Public Interest Research Group
Colorado Public Interest Research Group
Consumer Action
Consumer Federation of America
Consumers Union
Demos
East Bay Community Law Center
Florida Consumer Action Network
Generation Progress
Higher Ed, Not Debt
Higher Education Loan Coalition
Housing and Economic Rights Advocates
Illinois Public Interest Research Group
The Institute for College Access & Success
Lutheran Episcopal Advocacy Ministry of New Jersey
Maryland Consumer Rights Coalition
Maryland Public Interest Research Group
Massachusetts Public Interest Research Group
Minnesota State College Student Association
National Association of Graduate-Professional Students

National Consumer Law Center (on behalf of its low income clients)
New Jersey Citizen Action
New Jersey NAACP
New Jersey Public Interest Research Group
New York Public Interest Research Group
North Carolina Public Interest Research Group
Ohio Student Association
One Wisconsin Now
Oregon State Public Interest Research Group
Pennsylvania Public Interest Research Group
Progress Florida
Project on Predatory Student Lending, Legal Services Center of Harvard Law School
Public Citizen
Public Counsel
Public Good Law Center
PHENOM (Public Higher Education Network of Massachusetts)
Public Law Center
Student Debt Crisis
Students United
United States Public Interest Research Group (U.S. PIRG)
United States Student Association (USSA)
University of California Student Association
University of Missouri Graduate Professional Council
University of Southern Maine Student Government
Vermont Public Interest Research Group
Veterans Education Success
Washington Public Interest Research Group
Washington Student Association
Young Invincibles