



June 10, 2016

Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW.
Washington, DC 20552.

Re: Request for Information Regarding Student Loan Borrower Communications, Docket No. CFPB-2016-0018

Dear Ms. Jackson,

Americans for Financial Reform (“**AFR**”)¹ and the undersigned organizations appreciate the opportunity to comment on the Consumer Financial Protection Bureau’s (“**CFPB**” or “**Bureau**”) Request for Information Regarding Student Loan Borrower Communication (“**RFI**”).²

I. Introduction

We commend the Bureau, the Department of Education, and the Department of Treasury (the “**agencies**”) for their work in compiling this series of potential borrower communications – the Student Loan Payback Playbooks (“**Payback Playbook**”) as outlined in the RFI. We also appreciate the Bureau highlighting the effectiveness of Income-Driven Repayment (“**IDR**”) plans in reducing delinquency.³ It benefits borrowers, servicers, and the agencies to ensure that federal student loan borrowers are aware of options that will make their student loan payments affordable and allow them to remain current on their loans.

There is a long and well-documented history of deficiencies in current federal student loan servicing, from outright violations of the Servicemembers Civil Relief Act⁴ to failing to inform students of their repayment plan options.⁵ Because servicers are the borrower’s primary point of

¹ Americans for Financial Reform is a coalition of more than 200 national, state and local groups who have come together to reform the financial industry. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, faith based and business groups. A list of coalition members is available at <http://ourfinancialsecurity.org/about/our-coalition/>.

² 81 Fed. Reg. 26529 (May 3, 2016).

³ *Id* at 7 (See Figure 1).

⁴ Karen Jowers, *Military borrowers to receive refunds of student loans overcharges*, MilitaryTimes (Mar. 26, 2016), <http://www.militarytimes.com/story/military/2016/03/09/military-borrowers-receive-refunds-student-loans-overcharges/81539790/> (last visited Jun 8, 2016).

⁵ Consumer Financial Protection Bureau, *Student loan servicing: Analysis of public input and recommendations for reform*, at 25 & n. 10 (Sep. 2015), http://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf (“Comments from individual student loan borrowers and organizations representing public service workers note that servicers of both private and federal student loans may not inform borrowers experiencing financial hardship about available alternative repayment plans. Instead, commenters state that servicers may advise borrowers to postpone

contact, competent and efficient servicing has the potential to help many financially distressed borrowers stay on top of their loan payments and avoid default.

If adopted, the proposals outlined in the RFI will do much to address the failure of federal student loan servicers to properly inform borrowers of their options to lower their payments using IDR plans. With at least 11 million people either behind on their monthly student loan payments or in outright default, the need for clearly-presented loan repayment options, like those outlined in the sample Payback Playbooks, are crucial to assisting struggling borrowers.⁶ To ensure that federal student loan borrowers are presented with accurate and actionable loan repayment information, we have several specific recommendations.

II. Specific Recommendations

a. Make Payback Playbook information available for all federal student loans

Student loan borrowers with *all* types of federal student loans should receive a relevant version of the Payback Playbook: Direct and Direct Consolidation loans, Federal Family Education Loans (“FFEL”) and FFEL Consolidation loans (including Parent PLUS loans of these types). For loan types that are only eligible for an IDR plan upon consolidation into a Direct Loan (such as Parent PLUS loans), then the agencies should consider including information in the Playbook about estimated monthly payments on the available IDR plan(s) and a link to information about consolidation (e.g., <https://studentaid.ed.gov/sa/repay-loans/consolidation>). Borrowers with Parent PLUS loans should be cautioned against including any other loans when consolidating, since their resulting Direct Consolidation Loan would only be eligible for the Income-Contingent Repayment plan, which generally provides higher payments than the other IDR plans.

In addition, the information the Payback Playbook provides should apply to federal student loan borrowers with existing loans, not just borrowers with new loans. Should the agencies issue guidance to servicers in the future akin to the proposed Payback Playbook, servicers should include borrowers who took out loans prior to the guidance.

b. Feedback on Payback Playbook options A, B, and C

The RFI presented three draft Payback Playbooks: A, B and C. We appreciate the language on how a borrower can contact their servicer, and the note that there is never a fee to change repayment plans. We also appreciated the link in the Playbooks to the Department of Education’s “How to Repay Your Loans” page (studentaid.ed.gov/repay-loans), which includes a prominent link to the student loan repayment estimator, and urge the agencies to consider providing a direct link to the repayment estimator itself.⁷ Per our recommendation (g) below, it would be helpful to

payments through forbearance or deferment or instruct borrowers that the only available option is to pay the full amount due.”).

⁶ Shahien Nasiripour. *The Easiest Way To Reduce Your Student Loan Payment*, The Huffington Post (Apr. 2, 2016), available at

http://www.huffingtonpost.com/entry/reduce-student-loan-payments_us_56fea37ee4b0daf53aef86c7.

⁷ Federal Student Aid, Repayment Estimator,

<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action> (accessed June 10, 2016).

consumer test what information or links would be most helpful to provide borrowers with actionable next steps.

We believe that Payback Playbook C will be particularly helpful for borrowers who are delinquent on their loans and at risk of default. Even if it is not possible to customize IDR plan estimates based on individual income data, borrowers at risk of default should see estimates that reflect a hypothetical low income.

c. Personalization of Payback Playbook information must accommodate privacy and accuracy concerns

As noted in the RFI, Playbook B would require servicers to have access to the borrower's income and family size. To ensure accuracy of information, we believe that such personalized information should be obtained through data-sharing with government agencies. We believe the agencies should explore using data from the IRS, the Social Security Administration, and the Census' American Community Survey. If the agencies are unable to set up a data-sharing system in a timely fashion, we would recommend that the Playbooks proceed without personalized information about income and family size. The disclosures the Playbooks would provide are useful, and it would benefit borrowers to begin receiving them sooner rather than later.

Should a final Payback Playbook include the use of third-parties such as consumer credit reporting agencies (following a public comment process, as suggested below), any consumer should be provided with the ability to opt-out of having their income information supplied by third-party, non-governmental data brokers.

d. Include a robust public comment process for any consideration of third-party data

If the agencies are unable to provide servicers with income and family size information from governmental agencies, and decides to consider using third-parties to obtain the data, that consideration should allow for an additional public comment period on the process overall and the company or companies being considered; this would allow consumer and student groups to raise concerns or to provide relevant data or research they have conducted into the accuracy of credit reporting data.⁸ A public input process should also provide transparency into what sources third parties are using to compile income data and family size, so that consumer advocates can address any privacy or accuracy concerns that may arise.

e. Tailor language to borrowers at risk of default

Because federal student loan borrowers are only eligible for IDR plans if they are not in default, we believe that it would be helpful for the Payback Playbook to include specific language warning any borrower at imminent risk of default of its consequences.

⁸ For example, see the National Consumer Law Center's report, *Big Data: A Big Disappointment for Scoring Consumer Credit Risk* (Mar. 2014), available at <http://www.nclc.org/images/pdf/pr-reports/big-data-study.pdf>.

Payback Playbook C includes example language noting how many days a borrower's account is overdue. In addition to this, for any borrower that is severely delinquent, we suggest that the Playbook contain language noting that their loans will be ineligible for income-driven repayment plans if they enter default, and highlighting the number of days the borrower has to take action before their loan goes into default.

f. Expand Language Access for student loan borrowers

In 2014, approximately 9 percent of the U.S. population – 25.3 million individuals – were considered limited English proficient (LEP).⁹ Limited English proficient individuals are those above the age of 5 who reported speaking English less than “very well,” as classified by the Census Bureau. About 64% of the LEP population speaks Spanish, followed by Chinese, spoken by 6% of the LEP population.¹⁰

Many of the Department of Education's forms are already available in Spanish. Payback Playbook information should also be made available in Spanish and Chinese, to ensure that LEP borrowers (be they student borrowers or Parent PLUS borrowers) are able to benefit from the information presented in the Payback Playbook.

g. Utilize additional consumer testing and focus groups to further refine the Playbooks

We applaud the Bureau for the series of structured interviews with individual student loan borrowers they conducted prior to this RFI, as well as for their Request for Information on student loan servicing in 2015. We would encourage an expansion of these efforts to include additional consumer testing and focus groups specifically on future versions of the Payback Playbook.

III. Conclusion

The agencies have taken an important initial step in recognizing the need to better inform federal student loan borrowers about their loan repayment options. Our coalition looks forward to working with the agencies to continue make progress on ensuring that borrowers get the information they need in order to avoid delinquencies and default.

Sincerely,

Action NC
African Immigrant Services
Alaska Public Interest Research Group

⁹ Americans for Financial Reform, *The CFPB and Other Federal Agencies Should Adopt Strong Language Access Protections for Homeowners and Other Consumers*, (May 2016), available at http://ourfinancialsecurity.org/wp-content/uploads/2016/05/AFR_LEP_Issue_Brief_05.26.2016.pdf.

¹⁰ U.S. Census Bureau, *2010–2014 American Community Survey 5-Year Estimates*, American Community Survey (Washington, DC: U.S. Census Bureau) Table B16001 (accessed February 22, 2016).

Americans for Financial Reform
Arizona Community Action Association
Arizona PIRG
Arkansans Against Abusive Payday Lending
Arkansas Community Organiaztions
Baltimore Neighborhoods, Inc
CALPIRG
Campaign for America's Future
Center for Economic Integrity
Center for Responsible Lending
Central New York Citizens in Action, Inc.
Citizen Action/Illinois
Colorado PIRG
Connecticut Association for Human Services
Connecticut PIRG
Consumer Action
Consumer Federation of America
Consumer Federation of California
Consumers Union
Delaware Alliance for Community Advancement
Delaware Community Reinvestment Action Council, Inc.
Florida PIRG
Generation Progress
Georgia PIRG
Heartland Alliance
Higher Ed, Not Debt
Illinois Asset Building Group
Illinois PIRG
Indiana Assets & Opportunity Network
Maine Center for Economic Policy
Maryland CASH Campaign
Maryland Consumer Rights Coalition
Maryland PIRG
Massachusetts Consumers Council
MASSPIRG
Missouri PIRG
Mutual Housing California
National Association of Consumer Advocates
National Education Association
NCPIRG
Neighborhood Housing Services of Greater Cleveland
New Jersey Citizen Action
New Mexico Voices for Children
NHPIRG
NJPIRG
NMPIRG

North Carolina Consumers Council
Ohio PIRG
One Wisconsin Now
Oregon Consumer League
OSPIRG
Partners In Community Building, Inc.
Pennsylvania Public Interest Research Group
Reinvestment Partners
RIPIRG
SC Appleseed Legal Justice Center
Student Debt Crisis
Tennessee Citizen Action
Texas PIRG
The Institute for College Access and Success (TICAS)
The Midas Collaborative
U.S. PIRG
Veterans Education Success
Virginia Organizing
War on Poverty-Florida /RAISE Florida Network
WashPIRG
Wisconsin PIRG
Woodstock Institute
WV Center on Budget and Policy