

February 17, 2023

Mr. Richard Cordray
Chief Operating Officer
Office of Federal Student Aid
U.S. Department of Education
830 First Street NE, Room 112G1
Washington, DC 20202

Dear Mr. Cordray:

The American Fintech Council (AFC), Education Finance Council (EFC), National Council of Higher Education Resources (NCHER), and Student Loan Servicing Alliance (SLSA),¹ and our respective members, appreciate all the work that Federal Student Aid (FSA) and the Administration has done to provide targeted relief to federal student loan borrowers since the start of the COVID-19 pandemic in March 2020. Despite the impact of the unprecedented global public health and economic crisis we faced nearly three years ago, the United States has experienced record economic recovery. The unemployment rate for college graduates is at record lows, employers are providing incentives to recruit for open positions, wages are rising, and the President recently announced that he will end the emergency declaration effective May 11, 2023.

These positive economic signs complement a previous survey conducted by YouGov in collaboration with AFC, that shows that nearly two-thirds of student borrowers feel equally or more financially stable now than they were in March 2020.² With all indicators pointing in the right direction, it is time to prepare federal student loan borrowers to resume payment once the payment moratorium ends. Based on FSA's website, payments are scheduled to restart 60 days after the Department of Education (the Department) is permitted to implement the debt relief program or the litigation is resolved. If the debt relief program has not been implemented and the litigation has not been resolved by June 30, 2023 – payments will resume 60 days after that.

It is our hope and expectation that FSA and its contracted federal student loan servicers use the coming weeks to give certainty and time to prepare for the end of the moratorium by proactively communicating with borrowers to ensure a transparent and smooth transition back into repayment once the pause expires on June 30. As federal student loan servicers have not been able to communicate with their borrowers in more than three years, many first-time borrowers

¹**Background on Signatories:** AFC's membership spans technology platforms, non-bank lenders, banks, payments providers, loan servicers, credit bureaus, and personal financial management companies. AFC's mission is to promote an innovative, transparent, inclusive, and customer-centric financial system by supporting the responsible growth of lending, fostering innovation in financial technology (Fintech), and encouraging sound public policy. AFC members are at the forefront of fostering competition in consumer finance and pioneering ways to better serve underserved consumer segments and geographies. The Education Finance Council, National Council of Higher Education Resources, and Student Loan Servicing Alliance represent state, nonprofit, and private organizations that partner with the Department of Education to carry out the federal higher education aid or student aid programs that millions of families rely on every year to pursue postsecondary education. Our members work alongside the Department of Education by operating federal college access programs, servicing federal student loans, and helping struggling and defaulted borrowers successfully return to good standing, finance their education, complete their programs, and find good-paying jobs after graduation. Every year our members support millions of families as they improve their lives by enrolling in college.

² Study available at <https://fintechcouncil.org/student-security>.

may not be aware of the role that a federal servicer plays in repayment, existing borrowers may have moved residences and not updated their address or other payment information, and still other borrowers may have reallocated past monthly payments to other expenses. FSA must collaborate with its contracted federal student loan servicers over the next few months to ensure all borrowers are ready and prepared to resume payments regardless of what happens with the Administration's federal student loan forgiveness program currently being reviewed in the U.S. Supreme Court.

Although it will be a monumental task, AFC, EFC, NCHER, SLSA, and our members know proactive planning and clear communications with student and parent borrowers will make the move back to repayment more successful. But beginning that process now is essential. As such, we urge FSA to publish the details of its plans to bring borrowers back into repayment so students, parents, its federal partners, states, nonprofit organizations, institutions of higher education, and other interested stakeholders can assist in this joint effort. Those plans should include clear timelines and any communications campaign it plans to launch designed to communicate with borrowers leading up to the resumption of payments this summer.

Based on previous commitments made by the Administration, Department, and FSA, borrowers deserve to know when they will hear from their federal student loan servicers on resuming student loan payments so they can begin planning their personal budgets in advance. Under the CARES Act, Congress required the Secretary of Education to send at least six notices to borrowers, beginning 60 days out, indicating when the borrower's normal payment obligations would resume and reminding them of the option to enroll in an income-driven repayment plan. That 60-day timeline was put in place when the original payment pause was scheduled for just six months. Now more than three years after the initial pause, borrower communication will be imperative given the length of the pause, and it must start now.

Additionally, we urge FSA to provide its contracted federal student loan servicers with the necessary funding and resources to ensure borrowers are receiving proactive communications leading up to the restart of repayment. The sooner FSA and its servicers begin making outbound calls and sending out repayment notices and updates, the more time and opportunity that borrowers have to budget and make solid financial plans. We do not want any borrowers to fall through the cracks and/or mistakenly miss opportunities to enroll in appropriate repayment plans once they are responsible for repaying their loans again.

In summary, AFC, EFC, NCHER, and SLSA encourage the Administration and FSA to take full advantage of the time leading up to the announced June 30th resumption of repayment to implement strategies for successfully informing and transitioning borrowers back into repayment, which includes assisting borrowers in enrolling in affordable repayment plans if their financial conditions changed during the COVID-19 pandemic. Thank you for your consideration.

Regards,
American Fintech Council
Education Finance Council
National Council of Higher Education Resources
Student Loan Servicing Alliance