



May 14, 2015

## **Prepared Remarks of NCHER Senior Vice President Tim Fitzgibbon at the CFPB Field Hearing on Student Loans**

Thank you for the opportunity to participate in this important discussion today.

We have all heard the news stories, and heard again today, about the \$1.2 trillion dollars in outstanding student loan debt, the nearly \$30,000 dollar average debt for a bachelor's degree, and the fact that some borrowers owe more than \$100,000 dollars in student loans. It is almost as important to know, however, almost 97 percent of borrowers with bachelor's degrees pay their loans back. It is also important to note that the vast majority of borrowers with loan balances over \$100,000 dollars are graduate students who pay back their loans at an even higher rate. Additionally, the median outstanding student loan debt – where half of borrowers owe more and half owe less – is about \$15,000.

I do not raise these points to suggest that there is not a student debt problem – rather, I raise them to suggest that the problem can be managed and even resolved if we ignore the dramatic headlines and focus instead on the borrowers who really need our help. The key to providing that help centers on personal communication and personal conversations – not websites and certainly not collection letters – but real, person-to-person conversations.

First, we have to overcome the unnecessary technical barriers that are blocking these conversations between the borrower and service provider. Barriers based on grossly outdated rules on the use of communications technology to reach consumers on their cellular telephones. Timely and effective communications about flexible and affordable repayment options – these are the keys to better service, fewer defaults, and fewer borrowers languishing in default. These repayment programs are complicated. Even if simplified by Congress, students, borrowers and families need conversations to understand their options.

The number one action the Bureau can take to help student loan borrowers is to push for modernizing the rules that implement the Telephone Consumer Protection Act. This has nothing to do with telemarketers bothering us at dinner time and nothing to do with collectors making harassing phone calls. It has everything to do with helping literally millions of borrowers get out of default – or avoid default altogether – by making it easier for servicers to speak with consumers and offer individualized solutions. Consumers who, by the way, almost exclusively use cell phones.

We no longer have the luxury of continuing to debate this issue – or kicking the can down the road. Tens of thousands of student loan borrowers are timing out and needlessly defaulting on their loans every month and countless more languish in default, simply because outdated rules

governing autodialers and cell phones keep servicers from reaching borrowers in time, or from reaching them at all.

NCHER and its members look forward to working with Congress, the Federal Communications Commission and the Bureau to develop reasonable rules – combined with important consumer protections – that will allow the use of 21<sup>st</sup> Century technology to communicate with student loan borrowers.

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*The National Council of Higher Education Resources (NCHER) is a nonprofit trade association that represents a nationwide network of higher education assistance agencies that administer education programs that make grant and loan assistance available to students and parents to pay for the costs of postsecondary education. NCHER members provide higher education access, outreach, financial literacy, and counseling programs, and service Federal Direct Loans.*