



National Council of Higher Education Resources



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Contact: Pam Shepherd
Phone: (202) 721-1188
Email: pshepherd@ncher.us

NCHER Statement on the U.S. Department of Education's Recent Actions on Private Collection Agencies

Washington, DC (March 1, 2015) — On Friday night, the U.S. Department of Education said it would "wind down contracts" with five private collection agencies responsible for assisting borrowers whose student loans had defaulted. Specifically, the Department claimed these agencies gave borrowers misleading information about the benefits of loan rehabilitation to the borrowers' credit reports and the waiver of certain collection fees. The Department will reassign accounts not already in repayment to other collection agencies. The National Council of Higher Education Resources (NCHER) believes the Department has a responsibility to provide details of the alleged findings to the impacted agencies before taking such adverse action. Four of the five agencies are NCHER members.

"Private collection agencies have consistently been the Education Department's highest-performing contractors. The five impacted agencies should have the opportunity to respond to the allegations before losing their contracts," said NCHER President James Bergeron. "Many of these agencies were among the Department's best performers over the term of the contract, and have consistently passed reviews regarding how their agents describe the benefits of the loan rehabilitation program. NCHER urges the Department to provide a full and transparent accounting of its actions that led to Friday's decision."

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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.