



OPENING STATEMENT

House Committee on Education and Labor

Chairman Robert C. "Bobby" Scott

Opening Statement of Chair Frederica Wilson (FL-24)
Subcommittee on Higher Education and Workforce Investment Hearing
“Examining the Policies and Priorities of the Office of Federal Student Aid”
Wednesday, October 27, 2021 | 10:15 a.m.

Today, we meet to discuss the Office of Federal Student Aid's work to support and protect student borrowers. Mr. Cordray, welcome to the Committee on Education and Labor and to your first hearing before Congress in your role as FSA's chief operating officer. We are honored to have you here this morning.

Under your leadership, FSA manages federal financial aid programs including Pell Grants, campus-based aid, and federal student loans.

This is a tremendous responsibility as there are 43 million federal student loan borrowers who owe more than 1.5 trillion dollars.

Alarming, under Secretary DeVos and President Trump, the department abandoned its responsibility to America's students and taxpayers, including by:

- Withholding debt relief from hundreds of thousands of students who were defrauded by low-quality institutions;
- Allowing predatory institutions to collect millions of dollars from taxpayers;
- Shielding student loan servicing companies from regulatory agencies and state law enforcement; and
- Failing to ensure borrowers received accurate information about critical programs, such as the Public Service Loan Forgiveness Program, that are designed to support student borrowers and their families.

I am grateful that we now have an Education Department that is listening to student loan borrowers and working diligently to better support them.

I recently heard from a constituent who is a teacher with nearly a hundred thousand dollars in outstanding student loan debt. His loan balance has ballooned because the monthly payments that he can afford to make have failed to keep pace with the interest on his loan.

This experience is not unique, which is why I applaud the transformative actions that the Department of Education has taken under your leadership and the leadership of Secretary Cardona to provide hundreds of thousands of student borrowers with the loan relief they were legally entitled to receive.

And I look forward to the outcome of the Department's ongoing negotiated rulemaking process, which will hopefully provide further relief to low-income borrowers and others and streamline the loan repayment process.

In August, the administration took action to discharge the loans of 364,000 borrowers who have a total and permanent disability. The department also made important changes to streamline and automate relief for eligible borrowers in the future and ensure that their loans are not mistakenly reinstated.

The Biden administration has also approved student loan relief for 92,000 student borrowers who were defrauded by their institutions, and secured relief for an additional 115,000 federal student borrowers who were left stranded by the sudden collapse of ITT Technical Institute.

And most recently, the administration announced major changes to the Public Service Loan Forgiveness program, both through a time-limited waiver and the rulemaking process, to keep our promise to nurses, teachers, first responders, and other public service workers. Many public servants across the country have already been notified that help is on the way.

In total, the Biden-Harris administration has erased \$9.5 billion in loans for 563,000 borrowers. In many cases, the relief provided has helped give borrowers and their families a second chance to a better life.

I also applaud the steps that the Department has taken to protect students and taxpayers from low-quality institutions, including reinstating the FSA's Enforcement Unit, which was dormant under Secretary DeVos.

While the department's progress has been encouraging, FSA is facing a series of major hurdles that are on the horizon.

The upcoming return to loan repayment presents a monumental task for FSA and student loan servicers. We must ensure that students receive the education and support they need to begin repaying. They're going to need a lot of support to help transition. Many borrowers may be unsure of their rights and responsibilities or are experiencing continued financial hardship caused by this looming pandemic, that may entitle them to change their repayment plan. We have to monitor this very carefully.

Loan-serving companies need a robust and well-trained workforce to support an increased volume of borrower requests as repayment begins.

And finally, while the shift to NextGen is a major opportunity to make long-needed reforms to student loan servicing, the continuous delays under the Trump administration have left FSA with no margin for error.

This hearing is a chance to learn about FSA's plans to address these critical issues, how they are balancing various priorities, and what is being done to ensure that low-income borrowers and other at-risk groups receive the appropriate attention from their loan servicers and FSA. Black students are the most impacted by student loans.

I look forward to our discussion and the work we have ahead to ensure that all students – all students – in this country can access high-quality higher education without taking on debt they cannot repay or falling victim to predatory institutions.

Thank you, again, Mr. Cordray, for being with us today and for your work to secure relief for student borrowers. We applaud you. I now recognize the distinguished Ranking Member for the purpose of making an opening statement. Welcome Dr. Murphy.