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Chairman Johnson, Ranking Member Crapo, members of the Committee, thank you for the opportunity to testify today about student debt.

My name is Rohit Chopra, and I serve as an Assistant Director at the Consumer Financial Protection Bureau (Bureau). In October 2011, I was also designated by the Secretary of the Treasury as the Student Loan Ombudsman within the Consumer Financial Protection Bureau, a new role established by Congress in the Dodd-Frank Wall Street Reform and Consumer Protection Act.

By holding today's hearing, it is clear that many of you are keenly interested in finding solutions for some of the troubling trends in the student loan market. Since the Bureau and others began raising concerns about these trends, several monitors of the financial system have expressed worry about how student debt could impact the housing market and other parts of the economy.[1]

The increasing level of student debt has certainly tested us. Most directly, it has tested Americans working to pay back nearly $1.2 trillion. It has tested our rural areas, many of whom are struggling to attract young, college-educated people to return and reinvest in their communities. It has tested aspiring entrepreneurs, who are looking to create jobs that will help our economy grow, but are often hampered by student debt. It has tested our doctors and health care professionals, many of whom cannot afford to pursue less lucrative jobs and serve the growing population of the elderly. It has tested our realtors and home builders, who are finding that many young Americans can't pursue their dream of buying a home. And of course, it is a test for policymakers on whether or not we will heed the warning signs and avoid the potential negative impacts of growing student loan debt.

In that vein, the Bureau has been continuously collaborating with financial institutions, consumers, investors, and other policymakers to help create a well-functioning market. Together, we can seek to ensure that borrowers can manage their student loan debt and climb the economic ladder.

Understandably, many policymakers across the country are seeking to address some of the underlying drivers of growing student loan debt, including the rising cost of tuition, as well as interest rate structures on federal student loans. However, it will also be prudent to address the large pool of existing debt owed by millions of Americans.

[1] See, for example, the 2012 Annual Report of the Financial Stability Oversight Council, the March minutes of the Federal Reserve Board's Federal Open Market Committee, and the 2012 Annual Report of the Department of the Treasury's Office of Financial Research.

I hope my testimony can shed additional light on the structure of the student loan market and its similarities to the mortgage market, issues in student loan servicing, potential economic impacts of high levels of student loan debt, past actions by policymakers to assist financial institutions, and opportunities to increase efficiency going forward.

Parallels to the Mortgage Market

Of the approximately $1.2 trillion in outstanding student loan debt, approximately $600 billion was funded using private capital. Nearly three-quarters of the privately-funded debt met the criteria for a government guarantee through the Federal Family Educational Loan Program (FFELP). Financial institutions holding these FFELP loans enjoy a range of subsidies, as well as a guaranteed return in excess of similar duration Treasuries.[2]

While the student loan and mortgage markets may seem completely different, there are some important similarities. In both the mortgage and student loan markets, origination of non-traditional products boomed in the years leading up to the financial crisis. Subprime private label mortgage-backed securities and private student loan asset-backed securities grew rapidly. Investor appetite for these assets led to less stringent underwriting standards, leading many subprime mortgage and private student loan originators to reduce documentation requirements and other checks that ensure high-quality loans. A notable portion of private student loans originated before the crisis did not go through the basic process of verification of a student's enrollment and utilization of other loans. These higher-risk loans also came with higher interest rates.[3]

Many borrowers with subprime mortgages actually qualified for a mortgage with a lower rate. Similarly, more than half of private student loan borrowers did not exhaust their federal student loan options, which are generally less expensive and have several attractive benefits.[4]

In the mortgage market, many borrowers were unaware of some core features of their mortgage obligation, such as rate resets and other surprises. In a report by the Bureau and the Department of Education to Congress on private student loans, the agencies found that many student loan borrowers were also unaware of what type of loan they had and that their private student loans did not have many options for them in times of distress.[5]

While private student loans are a relatively small share of total outstanding student loan debt, they are disproportionately used by high-debt borrowers. For undergraduate student loan borrowers graduating around the time of the unraveling of the financial crisis with over $40,000 in debt, 81 percent used private student loans.[6]

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[2] Congress discontinued the Federal Family Educational Loan Program in 2010, though $437 billion in balances remain according to the Department of Education's latest federal student loan portfolio data. Almost all new federal student loans are originated by the Department of Education under the Direct Loan program.
[3] Consumer Financial Protection Bureau and Department of Education, Report on Private Student Loans (2012).
[4] Consumer Financial Protection Bureau and Department of Education, Report on Private Student Loans (2012).
[5] Many consumers borrowed both federal and private student loans from the same financial institution, which also seems to contribute to confusion among some consumers.
[6] National Center for Education Statistics: National Postsecondary Aid Study (2008).

In the years following the crisis, investors would no longer tolerate the risks associated with many of the practices used to originate subprime mortgages and private student loans. And like the mortgage market, underwriting standards for private student loans have markedly improved, but the existing obligations have not disappeared.

The Quiet Aftershock

The unraveling of the mortgage market and the resulting financial crisis hit our economy like an earthquake. We are all familiar with the trillions of dollars lost in asset values, the millions of Americans who lost their jobs and homes, and the billions of aid deployed to assist financial institutions.

But less discussed is how the crisis has impacted those who were in college. When those students graduated with more debt than they had anticipated, they would also be entering a very difficult job market. In 2007, jobs for college graduates were more plentiful. Unemployment among young Americans with college degrees was 7.7 percent. Less than two years later, unemployment for young college graduates had more than doubled, spiking to 15.5 percent.[7] Many continue to be underemployed and are working in job fields that may not require a degree.

A tough job market meant that many Americans needed to find options to honor their mortgage and student loan obligations. But both mortgage and student loan borrowers face two key problems with their servicers.

First, when borrowers do have options, they can still be stymied. In the mortgage market, borrowers whose loans were owned by GSEs had options available to them to modify and refinance their mortgages. Even though some sort of modification may have been in the best interest of the investor and creditor, many mortgage servicers were unable to successfully work with troubled homeowners. A member of the Federal Reserve Board of Governors lamented the "agonizingly slow pace of mortgage modifications and repeated breakdowns in the foreclosure process."[8]

In the student loan market, many borrowers with government-guaranteed student loans owned and serviced by financial institutions also report difficulty enrolling in Income-Based Repayment and other programs for borrowers facing hardship.

Second, many borrowers have simply run out of options. For homeowners whose mortgages were owned by investors in private-label mortgage-backed securities, they did not always have access to options that would let them find an affordable payment. The same is true with private student loan borrowers who may be facing temporary hardship and looking for an alternative repayment option to get through tough times. Like a business, a consumer's ability to manage cash flow is absolutely critical to financial health. Private student loan providers generally do not offer this cash flow management option, which is available to borrowers of federal student loans.

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7 Bureau of Labor Statistics: Recent college graduates in the U.S. labor force: data from the Current Population Survey (2013).
8 Governor Sarah Bloom Raskin. Speech to the Maryland State Bar Association Advanced Real Property Institute (2011).

For struggling homeowners and student loan borrowers, the consequences of being unable to find an affordable repayment option are severe. The impacts of foreclosures may not just be felt by the former homeowner, but potentially by the entire neighborhood.[9] And for private student loan borrowers who default early in their lives, the negative impact on their credit report can make it more difficult to pass employment verification checks or ever reach their dream of buying a home. As of the end of 2011, more than $8 billion of private student loans were in default, representing 850,000 loans.[10]

Canary in the Coal Mine

The importance of adequate servicing in a functioning mortgage or student loan market cannot be understated. The difficulties faced by mortgage borrowers were investigated by a wide range of federal and state authorities.[11] Many consumers reported lost paperwork, payment processing errors, and conflicting instructions. A particularly disconcerting occurrence involved the foreclosures faced by active-duty servicemembers, despite prohibitions under the Servicemembers Civil Relief Act (SCRA).

Last October, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, we submitted a report on complaints faced by private student loan borrowers.[12] Unfortunately, many of the problems reported by these student loan borrowers bear an uncanny resemblance to those faced by mortgage borrowers. Like in the mortgage market, the treatment of servicemembers by student loan servicers has been quite troubling.[13]

My colleague Holly Petraeus, who leads the Bureau's Office of Servicemember Affairs, and I also published a report describing the obstacles military families face when attempting to use their student loan repayment benefits provided by applicable laws. For example, men and women in uniform are entitled to a 6 percent rate cap on their student loans incurred prior to entering active-duty status, as provided for by the SCRA. Unfortunately, some servicers have placed inappropriate requirements on servicemembers seeking the rate cap.

One servicemember saw his request rejected multiple times because his military orders did not include an end date. This is neither a requirement of the SCRA, nor feasible for many military officers to obtain, as their orders usually do not delineate an end date. Another servicemember with multiple loans sought to reduce the rate on his highest-rate loans, but the servicer proceeded to raise the rate on the loans that were below 6 percent. While many of these problematic practices have subsided since brought to light by this report, we continue to receive these complaints by military families.

In both the mortgage and student loan markets, improper and potentially unlawful servicing errors caused harm to servicemembers. Admittedly, military families are a small segment of the

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9 Frame, W. Scott. "Estimating the Effect of Mortgage Foreclosures on Nearby Property Values: A Critical Review of the Literature." Economic Review of the Federal Reserve Bank of Atlanta (2010).
10 Consumer Financial Protection Bureau and Department of Education: Report on Private Student Loans (2012).
11 See, for example, http://portal.hud.gov/hudportal/HUD?src=/mortgageservicingsettlement/investigations.
12 Consumer Financial Protection Bureau: Annual Report of the CFPB Student Loan Ombudsman (2012).
13 Consumer Financial Protection Bureau: The Next Front? Student Loan Servicing and the Cost to Our Men and Women in Uniform (2012).

population. But if a servicer is unable to provide adequate service to those who have special protections under the law, it raises questions about whether it is agile enough to deal with the complexities of the larger population of borrowers facing hardship.

I also share the concerns of prospective investors in this sector, whose questions about servicer agility will force them to conduct careful due diligence so that risks are fully understood.[14]

Oversight of Student Loan Servicers

In the Dodd-Frank Wall Street Reform and Consumer Protection Act, the responsibility to supervise insured depository institutions with over $10 billion in assets for compliance with Federal consumer financial laws transferred from prudential regulators to the Bureau. While this includes many servicers owned by large banks with substantial portfolios of government-guaranteed federal student loans, as well as private student loans, most servicing activity takes place within the nonbank sector.[15]

In mortgage servicing, consumers struggled with servicers who were not prepared to handle loss mitigation and loan modification at scale when the financial crisis hit. In contrast, federal loan guidelines have long offered flexibility to struggling borrowers, so student loan servicers should be able to administer repayment alternatives and other consumer protections efficiently and effectively. Our supervision program will look for that and respond if servicers fall short. Examinations will help determine whether entities have appropriate processes to ensure that borrowers can enroll in modified payment plans available to them, payments are appropriately credited to accounts, and transfers of servicing rights are orderly, among other areas.[16]

While compliance with existing Federal consumer financial laws is critical to protect honest businesses faced by unfair competition from those that cut corners, other structural impediments to repayment of almost $1.2 trillion in existing debt remain for many borrowers.

Student Debt Domino Effect?

While risks in the student loan market do not appear to jeopardize the solvency of the broader financial system, unmanageable student debt may have a broader impact on the economy and society. In February, we asked the public to provide input on potential policy options to tackle the problem of unmanageable student debt. We received more than 28,000 responses from experts and individuals impacted by student debt.[17] Here were some of the potential impacts that participants noted:

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[14] In theory, investors could rely on the rating agencies, which were compensated to evaluate student loan asset-backed securities, serve to police quality issues, and align incentives of investors, issuers, and servicers. That alignment appears, in retrospect, to have been imprecise for certain ABS issuances prior to the crisis.
[15] In March, the Bureau proposed overseeing larger participants in the nonbank student loan servicing market, to ensure that both banks and nonbanks are on a level playing field. Comments closed on May 28. The Bureau is currently considering the public comments on the proposed rule before reaching any final decisions on the proposed rule.
[16] The Bureau's student lending examination procedures are available to financial institutions and the public. See http://files.consumerfinance.gov/f/201212_cfpb_educationloanexamprocedures.pdf.
[17] For the full docket of submissions to this Request for Information, see http://www.regulations.gov/#!docketDetail;D=CFPB-2013-0004.

Homeownership and household formation: The National Association of Home Builders[18] wrote to the Bureau about the relatively low share of first-time homebuyers in the market compared to historical levels and that student debt can "impair the ability of recent college graduates to qualify for a loan." When monthly student loan payments are high relative to income, applicants may be deemed less qualified for a mortgage. The National Association of Realtors[19] wrote in its submission that first-time homebuyers typically rely heavily on savings to fund downpayments. When young workers are putting large portions of their income toward student loan payments, they are less able to stash away extra cash for that first downpayment.

Other submissions cited research that showed that three-quarters of the overall shortfall in household formation can be attributed to reductions among younger adults ages 18 to 34.[20] In 2011, two million more Americans in this age group lived with their parents, compared to 2007.[21]

Entrepreneurship and small business starts: In submissions by coalitions of small business and startups,[22] groups cited a number of factors about the threat of student debt. For many young entrepreneurs, it is critical to invest capital to develop ideas, market products, and create jobs. High student debt burdens require these individuals to take more cash out of their business so they can make monthly student loan payments. Others note that unmanageable student debt limits their ability to access small business credit; some report being denied a small business loan because of their student loans.[23]

Retirement security*:* In its submission, AARP[24] raised concerns about families headed by an American ages 50 to 64. The association wrote that "increasing debt threatens their ability to save for retirement or accumulate other assets, and may end up requiring them to delay retirement." Student debt can delay participation in employer-sponsored retirement plans, leading to lost growth in the critical early years of a career.

Health care, rural America, and education*:* The American Medical Association[25] wrote that high debt burdens can impact the career choice of new doctors, leading some to abandon caring for the elderly or children for more lucrative specialties. Aspiring primary care doctors with heavy debt burdens may be unable to secure a mortgage or a loan to start a new practice. This can have a particularly acute impact on rural America, where rental housing is limited and solo practitioners are a key part of the health care system.

Student debt can also impact the availability of other professions critical to the livelihoods of farmers and ranchers in rural communities. According to an annual survey conducted by the American Veterinary Medical Association, 89 percent of veterinary students are graduating with

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[18] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-1042.
[19] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-6822.
[20] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-7202.
[21] U.S. Census Bureau: Income, Poverty and Health Insurance in the United States, P60-239 (2011).
[22] See, for example, http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-7223.
[23] See, for example, http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-7223 and http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-7195.
[24] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-6831.
[25] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-0878.

debt, averaging $151,672 per borrower.[26] Veterinarians encumbered with high debt burdens may be unable to make ends meet in a dairy medicine or livestock management practice in remote areas.

Classroom teachers submitted letters detailing the impact of private student loan debt, which usually don't offer forgiveness programs and income-based repayment options. One school district official wrote to the Bureau noting that programs to make student debt more manageable could lead to higher retention of quality teachers.[27]

Competitive Market?

The student loan market has generally not exhibited signs of robust competition – even when private market participants dominated. In the Federal Family Educational Loan Program, financial institutions could receive subsidies and guarantees if loans met certain criteria. Congress set statutory interest rate caps; in theory, the most efficient private actors would attract customers by providing the lowest possible price on a commodity product.

Unfortunately, this was generally not the case. While lenders made limited use of incentives, such as waivers of some origination fees, those who charged the statutory maximum were not competed out of the market. Even when borrowers were offered various advertised incentives, most borrowers would never benefit from those incentives.[28] Instead of offering competitive prices to student loan borrowers, many financial institutions drew scrutiny for business models that provided benefits to schools and financial aid officials, who are able to strongly influence student loan choices by students and families.[29]

Servicing of student loans and origination of private student loans remains fairly concentrated within a relatively limited number of players. Refinancing activity has been low, potentially due to this lack of robust competition. In addition, even when both the borrower and creditor may be better off with some sort of alternative repayment plan when a borrower is in distress, restructuring activity in the market is troublingly low.

Like mortgage borrowers, many private student loan borrowers want to repay their obligations, but simply need an alternative payment plan to weather tough times in the labor market. In addition, borrowers with both federal and private student loans have been frustrated with the inability to refinance fixed-rate loans to take advantage of today's historically low interest rates and their improved credit profile.[30] If these issues are not addressed, there may be a negative impact not just on consumers, but also on the broader economy.

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[26] See https://www.avma.org/news/journals/collections/pages/avma-collections-senior-surveys.aspx.

[27] See http://www.regulations.gov/#!documentDetail;D=CFPB-2013-0004-0038.

[28] For example, in a 2007 letter, Sallie Mae CEO Tim Fitzpatrick discussed how just 10 percent of borrowers end up benefitting from advertised incentives.

[29] The Attorney General of New York entered settlements and code of conduct agreements to address this problem in 2007 with many schools and lenders, including the two largest lenders at the time: Sallie Mae and Citigroup.

[30] It is worth noting that the absence of a developed student loan refinance market may be an impediment to monetary policy transmission. Savings from low borrowing costs for financial institutions are not necessarily being passed on to student loan borrowers with fixed-rate obligations. Given that student loan debt is the largest form of debt for a large portion of younger households, a robust student loan refinance market may be a prerequisite for monetary policymakers to ensure that younger households can accrue benefits from the low interest rate environment.

Assisting Financial Institutions in the Crisis

In 2008, distress in the credit markets led the federal government to enact policies to assist financial institutions to raise capital for student loan issuance. While these programs were primarily designed to help financial institutions originate more loans, understanding them might also be useful for policymakers seeking to find ways to increase efficiency and competition in the market for the benefit of borrowers.

The ECASLA Authority

In 2008, the Ensuring Continued Access to Student Loans Act (ECASLA) was enacted, providing the Secretary of Education the authority, with the consent of the Secretary of the Treasury and the Director of the Office of Management and Budget, to establish mechanisms to ensure that students and families had continued access to federal student loans regardless of conditions in the credit markets. All programs administered under this authority were required to have no net cost to taxpayers.

The Secretary of Education exercised this authority to intervene in the credit markets by creating a number of loan purchase programs, as well as a complex asset-backed commercial paper conduit that would pledge federal support for financial institutions and other lenders seeking to access funding to finance federal student loans. ECASLA permitted the Secretary of Education to purchase certain federal student loans, provided that the owners of these government-guaranteed loans use the proceeds to originate new federal student loans for borrowers.

Another program established by the Secretary (designed by Citigroup, Morgan Stanley, and a committee of lenders) provided financing to lenders through issuance of commercial paper. Under this program, the government was obligated to buy this commercial paper if investors do not.[31]

Lenders were able to transfer government-guaranteed existing loans into a special purpose vehicle, Straight-A Funding, LLC, which in turn would facilitate the issuance of commercial paper issued to investors. The Secretary of Education would purchase any commercial paper not sold to investors, while the Secretary of the Treasury (through the Federal Financing Bank) provided temporary financing. In total, the conduit advanced $41.5 billion in commercial paper to assist about two dozen lenders, who benefit from the government's lower cost of capital.[32]

The Secretary of Education's actions under the ECASLA authority injected significant liquidity into the market. Financial institutions originated tens of billions of dollars in new loans in the subsequent academic year, potentially due to the favorable cost of capital as a result of federal intervention. At the end of 2010, the Secretary of Education had purchased a total of $110 billion in federal student loans from private sector lenders. While there was no budgetary cost to

[31] For further information on the asset-backed commercial paper conduit facility established under the ECASLA authority, see http://ifap.ed.gov/ECASLA/ABCP.html.

[32] While financial institutions no longer originate federal student loans, many lenders still have obligations through the Straight-A Funding, LLC, asset-backed commercial paper conduit facility. For example, one of the largest participants, Sallie Mae, had outstanding borrowings of over $16 billion at an average interest rate of 0.82 percent, as of the end of 2012.

taxpayers, the asset purchase programs did lead to some cases of extraordinary gains when holders of government-guaranteed student loans sold those loans to the Secretary of Education.[33]

The TALF Program

In early 2008, the asset-backed securities (ABS) market came under intense strain, and by October 2008, the market was nearly frozen. Because ABS had historically funded consumer and small business credit, a complete halt in the ABS trading markets would have undoubtedly limited credit availability to households and small businesses. Citing "unusual and exigent circumstances", the Federal Reserve Board authorized the Term Asset-Backed Securities Loan Facility (TALF), under section 13(3) of the Federal Reserve Act.[34]

TALF did not provide loans directly to consumers. The program provided non-recourse loans to purchasers of TALF-supported ABS, where the ABS was held as collateral. In other words, entities could borrow at attractive rates from the program to purchase qualifying ABS. Securities backed by federal student loans and private student loans were eligible for TALF support. Two student lenders offered approximately $9 billion in TALF-supported ABS issuances in 2009 and 2010: Sallie Mae and Student Loan Corp (then a unit of Citigroup).[35]

TALF was successful in jumpstarting ABS issuance of private student loans. In 2009, the majority of student loan ABS issuances were TALF-supported, totaling approximately $10 billion. No losses have been experienced by TALF thus far. All student loan ABS issued under TALF provided funding for private student loans. While federal student loans were eligible, there were no federal student loan ABS issuances under TALF.

Path Forward

Last month, the Bureau published a report on student loan affordability that discusses what we learned from the public about potential solutions for the market.[36] During the crisis, policymakers employed a number of creative tools to revive the student lending market, as discussed above. Policymakers might now focus on the following objectives to increase private capital participation and market efficiency:

<u>Spurring loan restructuring opportunities:</u> Some of those who submitted comments suggested options to help borrowers in distress, including those who have fallen behind on private loans.

Most private student loans have few options available for alternative payment plans. Many of those who submitted to the Bureau's request for information noted that if lenders had more incentive to work with borrowers trapped in debt, both could benefit. Policymakers might look

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[33] See, for example, SLM Corp., 10-K Annual Report for Fiscal Year 2009 (2010) and SLM Corp., 10-K Annual Report for Fiscal Year 2010 (2011).
[34] It is worth noting that this authority was subsequently amended by Section 1101 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
[35] For further information and data on TALF loans and issuances, visit http://www.federalreserve.gov/newsevents/reform_talf.htm.
[36] Consumer Financial Protection Bureau: Student Loan Affordability (2013). This report specifically addresses issues policy options for borrowers in repayment. Pursuant to the Section 1077 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Bureau and the Department of Education also put forth recommendations to Congress in July 2012 addressing other aspects of the private student loan market.

to provide a path forward for those borrowers, creating a transparent step-by-step process that leads to affordable payment terms where monthly payments can match a reasonable debt-to-income ratio and repayment of the loans can be more affordable.

Even if such a program required public funds, or a sharing of the cost between the public sector and the owners of the loans, the economic benefits of facilitating restructuring activity at scale might outweigh program costs.

Jumpstarting a student loan refinance market: For borrowers who have dutifully managed their monthly payments on high-interest private student loans, many raised the need for a way to refinance. This approach could give responsible borrowers the opportunity to swap their existing loan for a new loan at market interest rates that reflect their current credit profile.[37]

Students generally apply for private student loans when they are young, have little to no credit history, and are not yet employed. Lenders have to consider the possibility that borrowers won't graduate or find a job with a salary that allows them to meet their monthly payment. These risks are priced into new private student loans.

Most borrowers do attain employment though, and have been honoring their promises to pay, but they simply can't find a refinance option. When mortgage borrowers see rates plummet and see their incomes rise, they try to refinance. Responsible student loan borrowers should have this option, too.

Conclusion

Thank you for the opportunity to share insight on the state of the student loan market. We look forward to continued dialogue with industry, consumers, institutions of higher education, and policymakers to ensure that we confront the significant challenges faced by student loan borrowers. While there has recently been considerable discussion about interest rates on federal student loans for borrowers next year, it will be important to address the potential impacts of the heavy burdens for the millions of Americans already in debt.

If we are collectively successful, we can help a generation of new graduates serve as an economic engine – bettering themselves, the financial institutions that serve them, and the rest of society.

[37] One unusual market trend is noteworthy here. Some private student lenders are enjoying increasing net interest margins, which is unlike the experience of lenders of other consumer financial products in today's interest rate environment. This may demonstrate a lack of competition, as well an opportunity for more efficient private capital participation.