

United States Senate

WASHINGTON, DC 20510

April 14, 2022

The Honorable Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Chopra:

A recent NPR report found that student loan servicers mismanaged the income driven repayment (IDR) program, a program designed to help low-income borrowers, resulting in significant harm for borrowers with the lowest incomes.¹ We urge the CFPB to investigate these reports and use all of its authorities to ensure borrowers are accessing IDR program benefits and receive the student loan forgiveness they have earned.

In 1992, Congress created IDR with the intention of ensuring low-income borrowers would not be burdened by federal student loan debt payments or trapped in perpetual repayment.² In order to make monthly payments affordable, IDR plans limit borrowers' monthly bills to a percentage of their discretionary income for a period of 20 or 25 years. At the end of the IDR repayment period, ED is required to automatically discharge the remaining student loan amount. However, in practice, extremely few borrowers have been able to obtain the promised student loan forgiveness through the IDR program.³

A recent NPR investigative report found the IDR program is riddled with problems and mismanagement, even worse than the public previously understood, resulting in millions of borrowers becoming unable to obtain debt cancellation. According to the report, loan servicers have severely mismanaged IDR plans for decades, including by failing to properly count qualifying IDR payments and not accurately tracking borrowers' progress towards cancellation. The report also revealed servicers did not "adequately track," \$0 monthly payments that qualify towards loan forgiveness. Since only borrowers earning less than 150% of the federal poverty line can make \$0 qualifying payments and 48% of IDR borrowers have \$0 monthly payments, the servicers' mismanagement is harming the lowest-income borrowers the most.⁴

The reported servicer negligence deserves further scrutiny, particularly given that IDR cancellation relies on student loan servicers to proactively notify borrowers when they are within six months of qualifying for loan cancellation, which depends on these servicers accurately counting payments and properly tracking progress towards cancellation. The loan servicers'

¹ <https://www.npr.org/2022/04/01/1089750113/student-loan-debt-investigation>

² <https://protectborrowers.org/wp-content/uploads/2021/09/Driving-Down-Distress.pdf>.

³ <https://www.nclc.org/uncategorized/new-government-data-exposes-complete-failure-of-education-departments-income-driven-repayment-program.html>

⁴ <https://www.americanprogress.org/article/continued-student-loan-crisis-black-borrowers/>

failure to responsibly manage IDR plans is evidenced by the low rate of cancellation under the IDR – out of 4.4 million eligible borrowers, recent reports indicate that only 32 borrowers have ever had their student loans canceled through IDR.⁵

Borrowers who have been in repayment for more than 20 years have been relying on the program’s promise of debt cancellation. As the Department of Education works to rectify the harms already done to borrowers, we urge the CFPB to investigate the report’s findings to ensure servicers implement IDR with fidelity going forward. Thank you for your timely consideration of this matter.

Sincerely,



Sherrod Brown
United States Senator



Elizabeth Warren
United States Senator



Richard J. Durbin
United States Senator

⁵ https://www.nclc.org/images/pdf/student_loans/IB_IDR.pdf