

Written Testimony
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Subcommittee on Higher Education and Workforce Investment

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Chair Wilson, Ranking Member Murphy, and Members of the Subcommittee, thank you for the opportunity to testify today about Federal Student Aid’s (FSA) priorities. And though I am no stranger to testifying before Congress, this is my first occasion in my new position.

Right now at FSA, we face great challenges as we seek to provide the quality service that students, borrowers, and their families deserve. Like everything else, colleges and universities and their students have felt the effects of the COVID-19 pandemic, which has produced a notable downturn in both FAFSA® completion and enrollment rates. This should be of concern to all of us who want to see our country achieve its full potential for generations to come.

Our top priority each year is to ensure that students and their families have reliable, uninterrupted access to the financial help they need. The FAFSA® form itself is facing huge changes as we implement two new laws you passed to improve the whole student aid process. The changes will make it easier to complete the FAFSA® form, unlocking aid for many more Americans. The operational challenges are extensive, but rest assured that we are being deliberate and strategic about our planning to implement the new requirements. We are also working to reform the FAFSA® verification process to reduce the burden on eligible students and their families, smoothing their path to secure financial aid while still protecting taxpayers.

FSA is also charged with serving students across the full life cycle of student aid. For the many million borrowers already in repayment, we are changing how we do business to better serve them. For example, the Department of Education (Department) recently announced dramatic changes to the Public Service Loan Forgiveness program that FSA will now carry out. We intend finally to fulfill the program’s promise to secure loan relief for servicemembers, teachers, nurses, police, firefighters, and others who have chosen to put community over self. Likewise, we are making improvements in other special loan forgiveness programs, such as Total and Permanent Disability, Borrower Defense to Repayment, and Closed School Discharge. To do that, the Department is considering ways to improve these programs through the ongoing negotiated rulemaking process. We

are also collaborating with other Federal agencies by leveraging data matching to streamline or automate loan forgiveness.

In addition, we have been hard at work behind the scenes to better meet the needs of everyone who owes money on their student loans. To that end, we just successfully secured contract extensions for the loan servicers who will continue to work with us over the next two years. This is a milestone because, for the first time, we have secured new accountability and performance metrics that require servicers to put borrowers ahead of their own bottom lines, including penalties to make sure they do so. Although some servicers chose not to extend their contracts, we look forward to working with those that stepped up and grasped the shared vision of our responsibilities here. We will also improve servicer accountability and transparency by expanding required data reporting. And let me say here that it was not I, but our negotiating team, that did great work to secure these key changes that benefit borrowers with no per-account price increase to be borne by taxpayers.

FSA's emphasis on accountability is not limited to our contracted servicing partners. We are also creating a new Office of Enforcement, led by a Chief Enforcement Officer, to strengthen oversight of schools and take enforcement actions to reduce risks for students and taxpayers. To accomplish this, we will work closely with our colleagues in the Department; with Federal partners such as the FTC, the CFPB, DOJ, and Treasury; and with our state partners as well. We will also continue to listen and learn from the community and consumer groups who advocate for students and borrowers. By strengthening these relationships, we aim to be more successful in achieving the objectives that you in the Congress have set for us.

Above and beyond all this work, however, looms an overriding challenge that is unique to the coming year: the unprecedented task of returning tens of millions of student loan borrowers back into repayment after a pause that was extended multiple times over almost two years. During this time, borrowers generally have not been required to make regular payments; have been subject to zero percent interest; and, if in default, had collections stopped on their outstanding loan balances. In August, the Department announced a final extension of these pandemic relief measures until January 31, 2022.

We know this will not be an easy transition for borrowers, our loan servicing partners, or any of the other stakeholders involved in the repayment process. This is a defining moment for FSA, and it is crucially important for millions of Americans that we succeed.

We are working to execute a comprehensive plan that combines elements of borrower outreach; servicer hiring, training, and preparation; policy enhancements; and vendor and process oversight to ensure borrowers can effectively manage the process of returning to repayment. The foundations of our plan are clear communication and quality customer service, along with targeted support for those having trouble making their payments. FSA

itself, the Department as a whole, and our servicers will be engaged in informing borrowers about the looming deadline and what will be expected of them. We ask you to help us spread the word so that nobody is surprised or unprepared. We want to be sure borrowers know their options, such as applying for an income-driven repayment plan to help make their monthly payments more affordable. We also are encouraging borrowers to sign up for our automatic debit program, which is the easiest and most worry-free way to make their current monthly payments.

There is nothing abstract about the challenges we face. If we are to succeed as a nation, we must answer the call for the millions of Americans who depend on federal student aid as a path forward to better their lives. As each borrower succeeds, we all succeed. This idea is ingrained in the mission of FSA which, at its core, is to enable the American dream. We appreciate your help and support as we move forward, together, to this end.

Thank you, and I look forward to answering your questions.