



April 20, 2017

Docket No. CFPB-2017-0002

To Whom It May Concern:

The National Association of Student Financial Aid Administrators (NASFAA) thanks you for the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB) information collection request regarding Student Loan Servicing Market Monitoring (Docket No. CFPB-2017-0002). NASFAA is a Washington, D.C.-based higher education association serving more than 2,700 institutional members representing more than 18,000 financial aid administrators in all sectors of higher education. Its broad membership serves nine out of every ten undergraduate students in the country.

With respect to item (a) "Whether the collection of information is necessary for the proper performance of the functions of the Bureau, including whether the information will have practical utility", NASFAA supports the CFPB's commitment to the development of a fuller, clearer picture of the entire student loan market through both the enhancement of federal student loan data collection as well as the added collection of private loan data. NASFAA believes the expanded federal loan data collection will be valuable in many respects, including addressing areas where servicer performance demands improvement. Discussion and debate surrounding student loan debt is too often limited in scope to federal loans; the availability of private loan data will allow for greater insight into the entire student loan market.

Existing gaps in the availability of certain data have important implications for borrowers, researchers, institutions of higher education, and policymakers. NASFAA convened a task force in 2016 on the lack of availability of graduate and professional student-specific data, which identified a dire need for better data for graduate and professional students. The proposed CFPB data collection from Table 1 acknowledges the need for—and takes steps toward—distinguishing undergraduate from graduate and professional student borrowing by splitting repayment plan data by loan type and by undergraduate or graduate student status. Data on the repayment plans chosen by undergraduate versus graduate borrowers might reveal important patterns and, at minimum, will provide insight into more specific future data collection needs. To that end, we also suggest, in Table 4, splitting the data columns of loan types to match the loan types listed in Section 3 of Table 1, to distinguish between undergraduate and graduate borrowing as well as between Parent PLUS and Graduate PLUS borrowing.

We are especially pleased with the decision to collect data on Income-Driven Repayment (IDR) plan processing. Borrowers attempting to enroll in IDR plans or renew eligibility are experiencing financial hardship. The process should be simple and processing should be expedient to limit further hardship. The quarterly collection of IDR data sought in Table 3 will provide valuable insight into the IDR application and renewal process. It is NASFAA's hope that this IDR data will ultimately lead to the establishment of an IDR processing time standard to which servicers are held accountable. We are also hopeful that the IDR application and recertification data collected will support arguments for permitting borrowers claiming zero income to confirm this by telephone, as well as for multi-year authorization for IRS income data retrieval.

In preparing its May, 2016 report, *Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight*, the Government Accountability Office (GAO) surveyed borrowers who indicated difficulty reaching servicers by phone. Given that servicers polled for the same report indicated that borrowers who initiated phone contact with servicers were less likely to default, it is clear that ensuring borrower access to servicers by phone is an important component of quality servicing. The data collected on Consumer Outreach (Table 2) should provide insight into servicer consumer outreach practices, potentially even linking outreach efforts to outcomes that could lead to the establishment of more effective servicer requirements, the need for which were identified in the *Joint Principles on Student Loan Servicing* issued in 2015 by the CFPB, Department of Education, and Department of Treasury. Elements of this data collection may even be incorporated into the Department of Education's performance metrics used to award servicing contracts.

The proposed letter that would accompany the data request notes that the CFPB, "may make public certain information we gather in response to this request". We ask, in the interest of achieving maximum utility from this data request, that the CFPB release as much of this information as possible to the public.

With respect to (c) "Ways to enhance the quality, utility, and clarity of the information to be collected", we suggest, in Table 3, separating 3.2.1.2.0.0 and 3.2.2.2.0.0 into separate line items for in-process and incomplete applications. There is an important distinction between the terms in-process and incomplete, in that incomplete applications refer to missing information from the borrower whereas in-process applications indicate complete applications with action required by the servicer. Tracking the number of incomplete applications at any given point may reveal the degree of difficulty borrowers encounter in applying for IDR plans and, when evaluated by servicer, might suggest whether certain servicers make the process more straightforward for borrowers. Tracking in-process applications separately from incomplete applications would reveal servicer processing times from the point at which completed applications were submitted, when servicers have control over the processing time. An alternative is to eliminate the "in-process" data point altogether since processing time for completed applications is collected elsewhere in Table 3. We suggest separating ineligible applications from abandoned applications in 3.2.1.3.0.0 and 3.2.2.3.0.0 for similar reasons. Abandoned applications, like incomplete applications, could signify something

different from ineligibility, and grouping them together prevents thoughtful analysis. Borrowers might abandon eligible applications due to the complexity of the process. While the reasons for abandoned applications cannot be gleaned from this data collection, patterns or differences among servicers might be detected that could inform future data collection needs, best practices, or servicer requirements that could better serve borrowers.

We appreciate the opportunity to offer these comments and we look forward to working with you on these important issues. Questions about our comments may be directed to Jill Desjean at desjeanj@nasfaa.org.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Draeger", is centered on the page.

Justin Draeger
President & CEO

1National Association of Student Financial Aid Administrators. (2016). *Examining the Lack of Graduate-Specific Data*. Washington, D.C.

2United States Government Accountability Office. (2016). *Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight*. Washington, D.C.

3Joint Statement of Principles on Student Loan Servicing, 80 Fed. Reg. 211 (November 2, 2015).