Statement on Education Department’s Appointment of Richard Cordray to Oversee Trillion Dollar Federal Student Aid

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Washington, D.C. – The U.S. Department of Education has appointed Richard Cordray, former director of the Consumer Financial Protection Bureau and Ohio Attorney General, as Chief Operating Officer of the Department’s Federal Student Aid, which oversees $1.6 trillion in outstanding federally-backed student loans held by more than 45 million borrowers.

The following is a statement by Persis Yu, director of National Consumer Law Center’s Student Loan Borrower Assistance project.

“As the first director of America’s only agency that focuses entirely on protecting ordinary people in their financial lives, Richard Cordray was a strong voice for the ‘forgotten man and woman,’ including older Americans, veterans, servicemembers, students, and average families. For too long, the student loan system has been broken and in desperate need of a consumer advocate at the helm. Servicer, debt collector, and for-profit school abuses have trapped borrowers in unaffordable repayment for years and then denied them access to vital programs like income-driven repayment and public service loan forgiveness. These abuses disproportionately threaten the financial security of Black and Latinx borrowers, and expose them to the government’s draconian collection practices, such as seizing Social Security benefits and the Earned Income and Child Tax Credits. Mr. Cordray’s appointment signals a strong commitment to ensuring a borrower-centric approach with meaningful consumer protections for borrowers and a system that holds companies and institutions accountable for breaking the law.”