

November 1, 2021

The Honorable Richard Cordray
Chief Operating Officer
United States Department of Education
830 First Street, N.E.
Washington, D.C. 20002

Sent via email

Dear Chief Operating Officer Cordray,

The 25 undersigned legal aid organizations write to express our deep concern about the futures of our clients with defaulted federal student loans once repayment restarts in just a few short months. Our clients are struggling to pay for basic necessities as the pandemic has devastated low-income communities of color around the country. Defaulted student loan borrowers are as diverse as America; many are single parents, support extended family members, rely on Social Security for their support, are veterans, live with disabilities and chronic illness, or have experienced homelessness. Throwing our clients back into default—where they will lose access to their wages, Social Security benefits, and vital tax credits like the Child Tax Credit and Earned Income Tax Credit—will devastate their financial stability and that of their families.

Current federal aid practices and policies hammer students who do not succeed the first time around. Before the pandemic began, 1 in 5 loan borrowers was in default on their federal student loans. Roughly 90% of federal student loan borrowers in default have received a Pell grant based on their family's low-income and [40% are in the lowest income quartile](#). Default disproportionately affects people of color, with African Americans facing the [highest default rate](#). More than [37 percent of borrowers over age 65](#) are in default on their student loans.

Systemic failures have prevented programs intended to help borrowers avoid default from reaching our clients. Complaints to the Consumer Financial Protection Bureau (“CFPB”) and numerous lawsuits brought by the CFPB, state Attorneys General and private litigants show that problems with loan servicing cause many borrowers to have trouble accessing income-driven repayment (IDR) plans, which leads many borrowers to default. [Over half of the lowest-income borrowers fall behind](#) on their loans without ever accessing IDR, even though they would have owed a \$0 monthly payment in an IDR plan.

The government's involuntary collection measures siphon funds that would otherwise go toward necessities like rent, infant formula, or medications. Despite being unable to afford their existing debt, defaulted borrowers are often forced to [pay thousands of dollars more per year](#) than if they were in an income-driven repayment plan. These involuntary collection tactics can have a devastating impact on families and, in aggregate, their communities.

The Covid-19 pandemic has only made life more difficult for our clients. Should returning to repayment include a return to default and involuntary collection, their dreams of "building back better" out of life out of poverty will be out of reach.

Sincerely,

National Consumer Law Center (on behalf of its low-income clients)
Rural Law Center of New York
Community Legal Aid Society, Inc. (Delaware)
Legal Aid Center of Southern Nevada
Housing and Economic Rights Advocates
Legal Aid Foundation of Los Angeles
The Project on Predatory Student Lending at the Wilmer Hale Legal Services Center at Harvard Law School
Georgia Watch
Community Service Society of New York
Indianapolis Legal Aid Society, Inc.
Pisgah Legal Services
Community Legal Aid (Ohio)
Legal Aid Service of Broward County, Inc.
Legal Aid Society of Southwest Ohio, LLC
Tzedek DC
Center for Elder Law & Justice
New York Legal Assistance Group
Legal Aid Society of Milwaukee
DNA - People's Legal Services
Public Counsel
Public Law Center
Community Legal Services, Inc. of Philadelphia
Bay Area Legal Aid
Community Legal Services (Arizona)
Legal Aid Chicago