



March 7, 2016

The Honorable Fred Upton
Chairman
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Frank Pallone
Ranking Member
House Committee on Energy and Commerce
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Pallone:

On behalf of the membership of the Education Finance Council (EFC), National Council of Higher Education Resources (NCHER), and Student Loan Servicing Alliance (SLSA), we urge you to oppose H.R. 4682, the *HANGUP Act*. H.R. 4682 would repeal an important provision included in the *Bipartisan Budget Act of 2015* that amends the *Telephone Consumer Protection Act (TCPA)* to allow the federal government and its contractors to use advanced, efficient calling technology to call or text cell phones solely to collect debt owed to or guaranteed by the United States. This change to the TCPA has long been supported by the Obama Administration, and was included in each of the last four budgets proposed by the President. It will help student loan borrowers nationwide by enabling federal student loan servicers and collectors to effectively contact and communicate with those who are struggling, helping them to navigate the often-confusing array of student loan repayment options and working to provide tailored solutions that prevent unnecessary delinquencies and defaults. Federal student loan servicers and collectors do not make telemarketing calls.

EFC, NCHER, and SLSA represent state, nonprofit, and for-profit federal student loan servicers and collectors involved in the administration of federal education loan programs. Our collective membership has a long history of educating, informing, and guiding borrowers through the complicated world of federal loan repayment plans; this guidance allows federal student loan servicers to assist borrowers and inform them of their borrower rights and responsibilities.

The Federal Communications Commission's Bureau of Consumer and Governmental Affairs is currently in the process of developing a Notice of Proposed Rulemaking (NPRM) addressing the number and duration of calls to cellular phones. The NPRM is expected to be released for public comment this month; the final regulation must be issued by early August 2016.

Since passage of the *Bipartisan Budget Act of 2015*, we have been disappointed by several detractors' attempts to portray the provision as a tool to harass consumers. To the contrary, this important consumer protection will help those struggling with student loan debt. According to a recent Consumer Financial Protection Bureau study, more than 41 million Americans collectively owe more than \$1.2 trillion in federal student loan debt. Of that amount, the U.S. Department of Education (the Department) states that nearly \$115 billion is in default. Further, the Department reports that slightly

more than one in five Federal Direct Loan borrowers in repayment are more than 30 days past due; nearly 13 percent of these borrowers are seriously delinquent and have gone more than 90 days without making a payment. The Department also reported that between October 2013 and November 2014, 60 percent of borrowers on an income-based repayment plan failed to recertify their eligibility on time, resulting in an unnecessary increase in their monthly payment. Though intended to benefit consumers, the outdated regulations of the TCPA are resulting in an unacceptable number of borrowers falling into delinquency and default because their servicer was unable to contact them to provide the information the borrower needed. Many Americans are in critical need of assistance and support as they manage their student loan debt, and restricting servicers and collectors from using modern technology impedes their ability to give borrowers the help they so clearly need.

The aforementioned provision included in the *Bipartisan Budget Act* would assist student and parent borrowers in a number of ways, including:

- Allowing student loan servicers to reach out to student and parent borrowers to provide information about the various repayment plans available to assist them under federal law; to educate them on the options available to assist them with their loan repayments, including information on repayment plans, deferment, forbearance, and loan forgiveness; and remind borrowers of required documentation and pending deadlines. Nearly 20 million borrowers would not receive these important services over the next decade if this new provision allowing the use of available technology to communicate with students and families is removed.
- Giving students and parents an efficient way to communicate with their servicer to increase their chances of successfully managing their debt. The TCPA's antiquated restrictions create an unnecessary barrier to this contact. Servicers have reported that when they can speak to a borrower, nine out of ten times they can resolve the borrower's problem.
- Helping nearly 12 million student loan borrowers avoid the painful consequences of default by allowing their loan servicers to contact them using advanced, efficient calling technology. Industry experience notes that the use of predictive dialing technology increases contact success rates by over 150 percent. If servicers are restricted from using modern technology, many borrowers would unnecessarily "time out" and default, due simply to communication barriers.

The TCPA was enacted into law at a time when mobile phones were rare and consumers were assessed charges for specific calls or time spent using the phone. This is no longer the case, as many plans offer flat rate or unlimited calling and texting plans. Cell phones are an indispensable part of modern life, particularly with the student loan borrower population. According to a recent U.S. Department of Health and Human Services study, 47.4 percent of American homes had only wireless telephones during the first half of 2015, an increase of 3.4 percent over the last year. This number is even higher for those age brackets more likely to have student loans — more than two-thirds of adults aged 25-29 (71.3 percent) and aged 30-34 (67.8 percent) live in households with only wireless telephones. However, TCPA regulations have not kept pace with the needs of the growing majority of borrowers who are increasingly moving away from traditional landline telephones in favor of cell phones.

In order to continue to assist student loan borrowers and to protect the federal fiscal interest, it was imperative that the TCPA be updated to be consistent with modern technology and current social norms.

EFC, NCHER, and SLSA commend the Congress for passing the *Bipartisan Budget Act* and supporting efforts to remove barriers that prevent student loan servicers and collectors from assisting struggling and defaulted student loan borrowers. We urge the Committee to preserve this important provision and oppose H.R. 4682.

If you have any questions or need additional information, please contact Debra Chromy with EFC at (202) 955-5510 (debrac@efc.org), James Bergeron with NCHER at (202) 822-2106 (jbergeron@ncher.us), or Winfield Crigler with SLSA at (202) 955-6055 (wpcrigler@slsa.net).

Respectfully,



Debra J. Chromy, Ed.D.
President
Education Finance Council (EFC)



James P. Bergeron
President
National Council of Higher Education Resources (NCHER)



Winfield P. Crigler
Executive Director
Student Loan Servicing Alliance (SLSA)

cc: Members of the House Committee on Energy and Commerce
The Honorable Paul D. Ryan, Speaker, U.S. House of Representatives
The Honorable Nancy Pelosi, Minority Leader, U.S. House of Representatives
The Honorable John Kline, Chairman, House Committee on Education and the Workforce
The Honorable Bobby Scott, Ranking Member, House Committee on Education and the Workforce