

December 7, 2020

The Honorable Bobby Scott
Chairman
House Committee on Education and Labor
2176 Rayburn House Office Building
Washington, DC 20515

The Honorable Virginia Foxx
Ranking Member
House Committee on Education and Labor
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Scott and Ranking Member Foxx:

The National Council of Higher Education Resources (NCHER) writes in strong support of S. 1153, the “Stop Student Debt Relief Scams Act.” This important legislation will protect students and families by stopping the proliferation of third-party debt relief companies that prey on unsuspecting borrowers. The Senate bill was introduced by Sen. Tammy Baldwin (D-WI) and the House companion was introduced by Reps. Haley Stevens (D-MI) and Lloyd Smucker (R-PA).

NCHER is a national, nonprofit trade association representing state, nonprofit, and private organizations that assist students and families in paying for the costs of postsecondary education. Our membership includes organizations under contract with the U.S. Department of Education to service and recover outstanding loans made under the Federal Direct Loan Program, entities that service and recover outstanding loans made under the Federal Family Education Loan Program, and organizations that service and recover private education loans. Many of our members, as part of their core missions, act as ombudsmen on behalf of students and families and have been collecting the names of third-party debt relief companies and providing them to the appropriate federal agencies for enforcement actions.

Over the last few years, the number of third-party debt relief companies has exploded led by the overall increase in student loan debt. These companies charge exorbitant fees to struggling student and parent borrowers, many of whom are already delinquent in repaying their student loans, for help in enrolling in an income-based repayment plan and/or applying for a consolidation loan – help that they can receive for free from their federal student loan servicers. In exchange for this assistance, the companies require students and parents to turn over their personally-identifiable information to the company in violation of federal law. As part of its enforcement efforts, the U.S. Department of Education sends cease-and-desist letters to some of the companies that claim affiliation with its federal student loan servicers in order to prey on borrowers. The Consumer Financial Protection Bureau has filed suit against a number of companies that are in violation of consumer financial protection laws, and the Federal Trade Commission has been leading a coordinated federal-state law enforcement initiative targeting such companies. But more can – and must – be done to address the growing problem of these scams.

The “Stop Student Debt Relief Scams Act” would restrict access to the Department of Education’s information technology systems for fraud, commercial advantage, or private financial gain; require institutions of higher education to provide a warning to borrowers that they may be contacted by third-party debt relief companies; and prevent improper access to the National Student Loan Data System (NSLDS). The bill continues to allow guaranty agencies, eligible lenders, and third-party organizations that are in compliance with federal law and

act on behalf of eligible institutions to access NSLDS as they continue to work with borrowers. These important changes should protect students and parent borrowers and crack down on these unlawful and unscrupulous companies who target struggling borrowers and drive them deeper into debt.

NCHER appreciates the leadership that the House and Senate have demonstrated in developing this important piece of legislation. This bill will take a significant step in protecting students and families, allowing delinquent and defaulted borrowers to receive the important help that they need from their federal student loan servicers and collectors. Our organization and membership are pleased to support the "Stop Student Debt Relief Scams Act," and urge the House to follow the Senate in passing S. 1153.

Sincerely,

A handwritten signature in black ink, appearing to read "J P Bergeron". The signature is fluid and cursive, with a long horizontal stroke at the end.

James P. Bergeron
President