



Consumer Financial
Protection Bureau

Prepared Remarks of CFPB Director Richard Cordray on the Student Loan Payback Playbook Press Call

By [Richard Cordray](#) – APR 28, 2016

I am pleased to join my colleagues at the Department of Education and the Department of the Treasury as we continue to improve student loan repayment and address the many problems in student loan servicing that we have highlighted over the past year.

Attending college should not require students to shoulder a lifetime of loan payments they cannot afford. So today we are presenting a new way for the servicers to communicate with those who are repaying student loans. We call it the Payback Playbook. It is designed to help borrowers understand their options and exercise their right to a student loan payment they can afford.

About 43 million consumers owe student loan debt, and the volume of outstanding federal student loan debt has more than doubled in less than a decade to roughly \$1.3 trillion today. That is more, in fact, than any other category of consumer debt in America, except mortgages.

As debt has grown, so have the challenges for borrowers. An estimated one-in-four student loan borrowers is either delinquent or in default. Millions more are falling behind and struggling with repayment. But it does not have to be this way.

Protections are widely available to help federal student loan borrowers afford their monthly payment and stave off default. They include income-driven repayment plans for federal student loans that are provided by law. Borrowers have the right to choose among different plans, but they first need to know what their options are. They also need accurate information from loan servicers about account features, loan terms, and borrower protections.

That is the point of the Payback Playbook. For federal student loan borrowers, it contains personalized information about income-driven repayment plans. It also helps them chart a course of action to understand their right to a payment they can afford. Students who borrow tens of thousands of dollars to finance their education must be able to trust their loan servicers to provide them with essential information. This new resource will help put into practice the statement of principles for student loan servicing that we jointly released with the Department of Education and the Department of the Treasury last fall.

Our Payback Playbook seeks to address the growing disconnect between borrowers searching for affordable loan payments and our nation's student loan default problem. In fact, a recent Government Accountability Office study found that 70 percent of borrowers who are in default actually had an income that would qualify them for a lower monthly payment through one of the available plans. This tells us that millions of borrowers may be failing to receive critical information about repayment options or are encountering communication breakdowns when they try to enroll.

To reach as large an audience as possible, we are posting a draft of the Payback Playbook on our website at consumerfinance.gov/payback-playbook. We ask

consumers to share suggestions about how to make it even more informative and easier to use. This public feedback we receive will inform the next edition of the Payback Playbook and offer valuable insight to our partners at the Department of Education as they implement the disclosures in the months ahead.

The Payback Playbook is just the latest action the Bureau is taking to address the most urgent problems identified by consumers, student loan servicers, consumer advocates, and borrowers themselves. We are working with our partners at Education and Treasury to understand these problems and develop needed reforms in student loan servicing. And since we released our shared framework for student loan servicing reform last year, the Bureau has made it a priority to stamp out illegal servicing practices. The new loan repayment rights announced today build on our shared commitment to ensure that borrowers are treated fairly and that servicers follow the law.

I also want to spotlight the significant work done here by another crucial ally on these issues. As is often the case when consumer financial markets fail people, state law enforcement officials were among the first to see the problem and encourage solutions. Two years ago, my colleague and friend Lisa Madigan, the Attorney General of Illinois, told us all that more must be done “to ensure that servicers make clear to borrowers what their repayment options are and to eliminate the confusion and lack of information that borrowers are currently experiencing.” She and Washington Attorney General Bob Ferguson are leading a group of state attorneys general whose strong advocacy for student loan borrowers has influenced our steps today and advanced our shared goals.

In our national conversation about higher education policy, we must be mindful of the very real challenges facing those who have already accrued substantial amounts of student loan debt. These loans play a pivotal role in the lives of young people as they set out to manage their own financial affairs. Millions of Americans are burdened by this debt. We cannot leave them in the dark about their repayment options or set them adrift without strong consumer protections. They deserve a well-functioning student loan servicing marketplace. Learning is hard enough on its own without living in fear of future financial hardship. Thank you.

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