

Congress of the United States

House of Representatives

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Opening Statement Ranking Member Elijah E. Cummings

Hearing on “Reviewing the FAFSA Data Breach” May 3, 2017

Thank you, Mr. Chairman, and welcome to all of our witnesses here today.

This hearing is about the Data Retrieval Tool, and that is a valid topic that several other committees are also addressing. However, what nobody seems to be addressing is the unethical, abusive, and predatory actions of student loan companies.

Last September, the Inspector General (IG) issued a report finding that multiple student loan companies—which were supposed to be helping students—were actually accessing and changing student log-on information as part of predatory schemes to access their accounts, change their regular mail and email addresses, and even intercept correspondence.

Specifically, the IG reported that the process for logging on to the Federal Student Aid website was “being misused by commercial third parties to take over borrower accounts.”

In one case, the IG warned that a student loan company “changed the mailing address, phone number, and email address for borrowers so that it would be difficult for the borrowers to be contacted by their loan servicers.”

In another case, the IG found that a company charged borrowers monthly fees to “put their loans into forbearance with the stated promise of eventually enrolling them in the Public Service Loan Forgiveness or some other debt reduction program even though the borrowers, in some cases, were not qualified for these programs.”

The IG also found that these companies were able to “intercept all of the borrower’s email correspondence, including password resets via email, important email notices, and direct communication from FSA or the loan servicer.”

Less than two weeks ago, on April 20, our Committee staff conducted a transcribed interview with the Special Agent in Charge of this investigation at the Inspector General’s office. This is what he told us. He warned that these companies “were controlling thousands of accounts or creating thousands of accounts and controlling them.”

In other words, the very companies that were supposed to be helping students were actually abusing their trust.

These practices are reprehensible, but the IG reported that it could not prosecute these student loan companies because of technicalities. Apparently, these companies forced students to sign powers of attorney to get loans, so the companies presumably could try to argue that they were authorized to engage in these abusive activities.

It is outrageous that these companies effectively got away with behavior that they must have known was wrong.

I am eager to hear from today's witnesses about the improvements necessary to hold these student loan companies accountable for engaging in these deceptive and abusive practices.

In addition, as we will hear today, criminals were able to compromise the Data Retrieval Tool, which is used to link student tax information to financial aid and student loan accounts online. These criminals then used this information to file fraudulent tax returns.

It is unacceptable that students have to deal with the abusive practices of predatory student loan companies, as well as the increased threats of identity theft. It is critical that we crack down on these criminal elements and improve the security of these systems.

Congress also needs to support these efforts. Severe budget cuts in recent years have made it more difficult to make critical improvements in information technology, and President Trump's budget proposal and staff reduction directives would exacerbate these challenges.

Finally, if we really want to protect students from the abuses we are discussing here today, Congress obviously cannot abolish the Department of Education outright, as some of my colleagues have proposed.

We must support and increase our nation's investments in our students, as they are our message to a future we will never see.

We must do everything in our power to protect students from abusive lenders, ensure that their personal information is adequately secured from cyber criminals, and guide them to the successful pursuit of their educational goals.

Thank you, Mr. Chairman.

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