

116TH CONGRESS  
1ST SESSION

# S. 720

To require the student loan ombudsman of the Department of Education to provide student loan data to the Bureau of Consumer Financial Protection, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

MARCH 7, 2019

Mr. UDALL (for himself, Ms. WARREN, Mr. BLUMENTHAL, Mr. BROWN, Mr. VAN HOLLEN, Mr. SCHATZ, Ms. HARRIS, Ms. KLOBUCHAR, Ms. DUCKWORTH, and Mr. MENENDEZ) introduced the following bill; which was read twice and referred to the Committee on Health, Education, Labor, and Pensions

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## A BILL

To require the student loan ombudsman of the Department of Education to provide student loan data to the Bureau of Consumer Financial Protection, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “CFPB Student Loan  
5 Integrity and Transparency Act of 2019”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1           (1) The total amount of outstanding student  
2 loans just surpassed \$1,500,000,000,000.

3           (2) Student loans are the biggest category of  
4 consumer borrowing after mortgages.

5           (3) Since the Consumer Financial Protection  
6 Act of 2010 (12 U.S.C. 5481 et seq.) established the  
7 Consumer Financial Protection Bureau, the Bureau  
8 has fought to ensure families receive a fair shake as  
9 they strive for the American Dream.

10          (4) The Consumer Financial Protection Act of  
11 2010 established the Consumer Financial Protection  
12 Bureau's Office of Students and Young Consumers  
13 in 2012 to assist students who are mistreated or  
14 misled by predatory lenders.

15          (5) Since its creation, the Office of Students  
16 and Young Consumers, led by the Student Loan  
17 Ombudsman, has defended military families in the  
18 United States from predatory lenders and for-profit  
19 colleges, and other unscrupulous businesses.

20          (6) The Office of Students and Young Con-  
21 sumers helped tens of thousands of active-duty mili-  
22 tary service members who were being overcharged  
23 for student loans, and coordinating with the United  
24 States Justice Department, succeeded in returning

1       \$60,000,000 to the service members, and required  
2       the industry to improve its practices.

3           (7) The Office of Students and Young Con-  
4       sumers has collected and analyzed hundreds of thou-  
5       sands of student complaints.

6           (8) The Office of Students and Young Con-  
7       sumers has recovered more than \$750,000,000 on  
8       behalf of defrauded students.

9           (9) The Office of Students and Young Con-  
10      sumers has been instrumental in the shutdown of  
11      for-profit universities and colleges that had been ac-  
12      cused of predatory practices.

13          (10) The Office of Students and Young Con-  
14      sumers collected data and authored a report that  
15      showed large banks overcharged college students fees  
16      that were higher than many of their competitors.  
17      The report remained unpublished by the Administra-  
18      tion until a recent FOIA request opened it to the  
19      public.

20          (11) The Department of Education Office of  
21      Inspector General released a concerning report on  
22      February 12, 2019, that highlighted the alarming  
23      frequency at which student loan contractors and  
24      vendors engaged in noncompliance with Federal re-  
25      quirements for servicing student loans.

1 **SEC. 3. DEPARTMENT OF EDUCATION STUDENT LOAN IN-**  
 2 **FORMATION.**

3 Section 141(f)(3) of the Higher Education Act of  
 4 1965 (20 U.S.C. 1018(f)(3)) is amended—

5 (1) by redesignating subparagraphs (A) and  
 6 (B) as subparagraphs (B) and (C), respectively; and

7 (2) by inserting before subparagraph (B) the  
 8 following:

9 “(A) provide information relating to stu-  
 10 dent loans to the Director of the Consumer Fi-  
 11 nancial Protection Bureau or the ombudsman  
 12 of the Consumer Financial Protection Bureau  
 13 designated under section 1035 of the Consumer  
 14 Financial Protection Act of 2010 (12 U.S.C.  
 15 5535) as requested by the Director of the Con-  
 16 sumer Financial Protection Bureau or that om-  
 17 budsman;”.

18 **SEC. 4. STUDENT LOAN CONTRACTOR AND VENDOR AGREE-**  
 19 **MENTS.**

20 Part G of title IV of the Higher Education Act of  
 21 1965 (20 U.S.C. 1088 et seq.) is amended by inserting  
 22 after section 486A the following:

23 **“SEC. 486B. CONTRACTOR AND VENDOR AGREEMENTS.**

24 “The Secretary shall not enter into an agreement  
 25 with a contractor or vendor that services loans under this  
 26 title unless, as part of that agreement, such contractor or

1 vendor asserts that the contractor or vendor will provide  
 2 information to the Director of the Consumer Financial  
 3 Protection Bureau or the ombudsman of the Consumer Fi-  
 4 nancial Protection Bureau designated under section 1035  
 5 of the Consumer Financial Protection Act of 2010 (12  
 6 U.S.C. 5535) as requested by the Director of the Con-  
 7 sumer Financial Protection Bureau or that ombudsman.”.

8 **SEC. 5. DUTY TO PROVIDE ADEQUATE STAFFING; MEMO-**  
 9 **RANDA OF UNDERSTANDING.**

10 (a) DUTY TO PROVIDE ADEQUATE STAFFING.—Sec-  
 11 tion 1013(a)(1) of the Consumer Financial Protection Act  
 12 of 2010 (12 U.S.C. 5493(a)(1)) is amended by adding at  
 13 the end the following:

14 “(D) DUTY TO PROVIDE ADEQUATE  
 15 STAFFING.—Notwithstanding subparagraph  
 16 (A), the Director shall ensure that each specific  
 17 functional unit and office described under sub-  
 18 sections (b), (c), (d), (e), and (g) and any other  
 19 unit and office with supervisory and enforce-  
 20 ment duties, is provided with sufficient staff to  
 21 carry out the functions, duties, and coordina-  
 22 tion of that unit or office, as applicable.”.

23 (b) MEMORANDA OF UNDERSTANDING.—

24 (1) REESTABLISHMENT OF MEMORANDA OF UN-  
 25 DERSTANDING.—The memoranda of understanding

1 between the Bureau of Consumer Financial Protec-  
2 tion and the Department of Education entitled  
3 “Memorandum of Understanding Between the Bu-  
4 reau of Consumer Financial Protection and the U.S.  
5 Department of Education Concerning the Sharing of  
6 Information” (October 19, 2011) and “Memo-  
7 randum of Understanding Concerning Supervisory  
8 and Oversight Cooperation and Related Information  
9 Sharing Between the U.S. Department of Education  
10 and the Consumer Financial Protection Bureau”  
11 (January 9, 2014)—

12 (A) shall remain in effect and may not be  
13 terminated by any party to such memoranda;  
14 and

15 (B) may only be amended or revised if the  
16 parties to the memoranda determine that such  
17 amendment or revision would promote better  
18 interagency coordination to the benefit of con-  
19 sumers.

20 (2) REPORT ON CURRENT MOUS.—Not later  
21 than the end of the 30-day period beginning on the  
22 date of enactment of this Act, the Director of the  
23 Bureau of Consumer Financial Protection shall sub-  
24 mit to the Committee on Banking, Housing, and  
25 Urban Affairs of the Senate and the Committee on

1 Financial Services of the House of Representatives  
2 a report listing—

3 (A) each memorandum of understanding in  
4 effect on November 24, 2017, to which the Bu-  
5 reau of Consumer Financial Protection was a  
6 party;

7 (B) any changes made to a memorandum  
8 described in subparagraph (A) after November  
9 24, 2017, including any memorandum of under-  
10 standing rescinded since that date; and

11 (C) a justification for each change or re-  
12 scission described in subparagraph (B).

13 (3) SEMI-ANNUAL REPORT ON MOUS.—Section  
14 1016(e) of the Consumer Financial Protection Act  
15 of 2010 (12 U.S.C. 5496(e)) is amended—

16 (A) in paragraph (8), by striking “and” at  
17 the end;

18 (B) in paragraph (9), by striking the pe-  
19 riod at the end and inserting a semicolon; and

20 (C) by adding at the end the following:

21 “(10) a list of each memorandum of under-  
22 standing in effect, as of the date on which the report  
23 is submitted, to which the Bureau is a party;

24 “(11) any changes made to a memorandum of  
25 understanding to which the Bureau is a party after

1 the date on which the previous report required under  
2 subsection (b) was submitted; and  
3 “(12) a justification for each change described  
4 in paragraph (11).”.

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