



June 29, 2017

The Honorable Betsy DeVos  
Secretary  
U.S. Department of Education  
400 Maryland Avenue SW  
Washington, DC 20202

Dear Secretary DeVos:

I am writing to express my concern with the growing tendency of state entities to seek to impose state-level laws and regulations on student loan servicers contracted by the federal government to service federal student loans. If left unchecked, these state efforts will continue to add an unnecessary web of regulations which are both duplicative of and potentially contradictory to existing federal regulations and policies. EFC urges the Education Department (the Department) to publicly state that the entities with which it contracts to service student loans are governed by the Department's rules and regulations, and that the Department's rules hold preeminence in regulating the activities of their contractors.

EFC supports efforts to ensure that all student loan borrowers receive high-quality service. However, student loan servicers are already heavily regulated by the Department and the Consumer Financial Protection Bureau; new state-level regulations would replicate these requirements with no additional benefit for borrowers, and at burdensome cost to servicing entities.

The Department has already made clear its position on the preeminence of federal law in student loan servicing. In its "responses to questions" posted in relation to Solicitation ED-FSA-17-R-0001 (updated June 23, 2017), the Department responded to a question regarding state regulations and licensing by stating, "**In the event of a conflict between Federal and State laws, Federal law takes precedence.**"

EFC is requesting that the Department should make this assertion clear to both the public and to state entities that seek to impose their own conflicting regulations on federal student loan servicing contractors.

I appreciate the opportunity to provide these recommendations. Please do not hesitate to reach out to me at (202) 955-5510 or [debrac@efc.org](mailto:debrac@efc.org) with any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads 'Debra J. Chromy'. The signature is written in a cursive, flowing style.

Debra J. Chromy, Ed.D.  
President

c. James Manning, Acting Under Secretary of Education  
Matthew Sessa, Deputy Chief Operating Officer, Federal Student Aid  
Kathleen Smith, Acting Assistant Secretary for the Office of Postsecondary Education