



STUDENT BORROWER
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Assessments of the Department of Education's Handling of the Student Loan Portfolio: A Review

Student Loan Law Initiative
at University of California, Irvine School of Law

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Executive Summary

The U.S. Department of Education is the Problem

- The following pages collect and summarize **44 reports** on the Department of Education's (ED) conduct and performance in the student lending space.

- Materials covered include **29 GAO reports, 11 reports from the Department of Education's Inspector General (ED IG), 3 items from the Treasury Department, and one item from the Senate Committee on Health, Education, Labor, and Pensions.**
 - Of these, 14 consider servicing generally; 7 discuss Income-Based Repayment, Public Service Loan Forgiveness, and TEACH Grants; 4 explore debt collection; 2 cover Servicemembers Civil Relief Act (SCRA) compliance; and 17 analyze the for-profit college space.

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- In sum, we find:
 - **Extensive accusations of faulty servicer oversight by the Department of Education**, including the use of “inadequate criteria”¹ to monitor the TIVAS, a lack of procedures to review information submitted by audit subjects, having “rarely used available contract accountability provisions to hold servicers accountable for instances of noncompliance,”² and several instances of alleged unresponsiveness to suspected instances of borrower harm.³
 - **Fears that flawed supervision of compliance with the Servicemembers Civil Rights Act could be leading servicemembers to be denied the statutory 6% interest rate cap**, that FSA might be making “unsupported and inaccurate” claims regarding its success in SCRA implementation, and that ED may be failing to “make any effort” to oversee servicers’ compliance with the law.”⁴

¹ ED IG, *Federal Student Aid’s Award and Administration of the Title IV Additional Servicers Contracts* (Aug. 20, 2013).

² ED IG, *Reissuance of Final Audit Report, “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans”* (Mar. 5, 2019).

³ See GAO, *Federal Student Loans: Actions Needed to Improve Oversight of Schools’ Default Rates* (Apr. 26, 2018); GAO, *Federal Student Loan Programs: Opportunities Exist to Improve Audit Requirements and Oversight Procedures* (Jul. 21, 2010); and GAO, *Federal Student Loans: Better Oversight Could Improve Defaulted Loan Rehabilitation* (Mar. 6, 2014).

⁴ See ED IG, *Letter to Senators Murray, Warren, and Blumenthal* (Feb. 29, 2016) and GAO, *Student Loans: Oversight of Servicemembers’ Interest Rate Cap Could Be Strengthened* (Nov. 15, 2016).

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- ❑ **Several efforts to flag concerns related to the Department's management of Public Service Loan Forgiveness (PSLF) and TEACH grants.** As early as 2015, GAO noted that ED "lacks clear, consistent guidance to help recipients understand the TEACH grant-to-loan conversion dispute process," and that ED "lacks reasonable assurance that it has taken steps to minimize future erroneous conversions."⁵ Regarding PSLF, GAO similarly observed that "[f]ew borrowers who may be employed in public service have had their employment and loans certified for the Public Service Loan Forgiveness program, and [ED] has not assessed its efforts to increase borrower awareness."⁶ This carried through to 2018, when GAO stated that present "weaknesses" in ED's management of the programs "are contrary to federal internal control standards for using and communicating quality information, creating uncertainty for borrowers and raising the risk some may be improperly granted or denied loan forgiveness."⁷ Its commentary on TEPSLF, too, noted that ED's implementation was "confusing for borrowers," and that "[a]s a result, some eligible borrowers may miss the opportunity to have their loans forgiven."⁸

⁵ GAO, *Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes* (Feb. 24, 2015).

⁶ GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options* (Aug. 25, 2015).

⁷ GAO, *Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers* (Sep. 5, 2018).

⁸ GAO, *Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion* (Sep. 5, 2019).

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- ❑ **Various reports of errors in data management and record keeping.** This includes examples of faulty enrollment status reporting,⁹ “[i]naccurate loan data . . . being loaded into the National Student Loan Data System (NSLDS),”¹⁰ and data being “often in incompatible formats and housed in separate, antiquated systems. This limits Education’s ability to appropriately monitor trends in performance”¹¹
- ❑ **Claims of a lack of Departmental preparedness to implement legislatively-mandated programs,** including the statement from ED's Inspector General that “[t]he Department does not have a comprehensive plan or strategy to prevent student loan defaults and thus cannot ensure that efforts by various offices involved in default prevention activities are coordinated and consistent.” The IG further noted, “[t]he lack of a comprehensive plan or strategy may have caused the Department to miss opportunities to communicate and coordinate across Department offices, identify and rank risks, streamline activities, communicate with servicers, use data to manage and innovate, respond to changes, and provide greater transparency.”¹²

⁹ GAO, *Reporting of Student Loan Enrollment Status* (Feb. 6, 1997).

¹⁰ GAO, *High-Risk Series: Student Financial Aid* (Feb. 1, 1997).

¹¹ Department of the Treasury, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* (Jul. 3, 2018).

¹² ED IG, *The U.S. Department of Education’s Administration of Student Loan Debt and Repayment* (Dec. 11, 2014).

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- ❑ **Complaints of poor public- and industry-facing customer service**, including the observation that “[t]he Department of Education’s Office of Federal Student Aid’s (FSA) instructions and guidance to loan servicers are sometimes lacking, resulting in inconsistent and inefficient services to borrowers,” and that “in certain instances when FSA provided additional guidance or clarifications, it did not consistently share them with all servicers.”¹³
- ❑ **Concerns that the Department has not sufficiently implemented changes suggested by those tasked with overseeing it.** For example, regarding steps forward on changes recommended by GAO pertaining to servicer oversight and instruction, the expansion of call center access for borrowers, and the creation of a new complaint tracking system, ED’s response after two years remained that “the details have yet to be determined” and that “the specifics have not yet been decided.”¹⁴

¹³ GAO, *Federal Student Loans: Key Weaknesses Limit Education’s Management of Contractors* (Nov. 18, 2015). See also GAO, *Direct Student Loan Program: Management Actions Could Enhance Customer Service* (Nov. 20, 2003) and GAO, *Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight* (May 16, 2016).

¹⁴ See GAO, *Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers* (Jul. 27, 2018).

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- ❑ **Allegations that borrowers eligible for income-based repayment have been harmed by deficient information from their servicers.** Such concerns are summarized by former Deputy Treasury Secretary Sarah Bloom Raskin's assertion that "[s]ervicers have provided inadequate information on repayment options and failed to enroll [students] in an income-driven repayment plan."¹⁵ This has been echoed by GAO, which stated in 2015 that "[m]any eligible borrowers do not participate in . . . Income-Based Repayment and Pay As You Earn repayment plans for Direct Loans, and Education has not provided information about the plans to all borrowers in repayment"¹⁶
- ❑ **Fears that ED might not be succeeding in its oversight of the Pell Grant program,** with GAO stating that "ED program reviews have not provided the degree of assurance needed that schools are complying with Pell Grant regulations."¹⁷

¹⁵ Sarah Bloom Raskin, Remarks of Deputy Secretary Raskin on Student Loans at the National Consumer Law Center's Annual Consumer Rights Litigation Conference (Nov. 6, 2014).

¹⁶ GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options* (Aug. 25, 2015). See also Sarah Bloom Raskin, Remarks by Deputy Secretary Sarah Bloom Raskin at the National Foundation for Credit Counseling 50th Annual Leaders' Conference (Sep. 28, 2015) and ED IG, *The Department's Communication Regarding the Costs of Income-Driven Repayment Plans and Loan Forgiveness Programs* (Jan. 31, 2018).

¹⁷ GAO, *Many Proprietary Schools Do Not Comply With Department of Education's Grant Program Requirements* (Aug. 20, 1984).

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- ❑ **Perceived failures to monitor for or respond to instances of predation by for-profit colleges utilizing federal student aid.** GAO, for example, found that ED's "inadequate monitoring of basic skills tests and lack of guidance on valid high school diplomas enables unqualified students to gain access to federal student aid. Unqualified students are at greater risk of dropping out of school, incurring substantial debt, and defaulting on federal loans."¹⁸ The risks to borrowers and taxpayers associated with these findings could be compounded by the allegation that for-profit schools "managed . . . default rates by hiring consultants that encouraged borrowers with past-due payments to put their loans in forbearance."¹⁹

¹⁸ GAO, *Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid* (Aug. 17, 2009). See also GAO, *Student Financial Aid: Education Can Do More to Screen Schools Before Students Receive Aid* (Sep. 27, 1991); GAO, *Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations* (Jun. 10, 1997); GAO, *Proprietary Schools: Improved Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid* (Oct. 14, 2009); GAO, *For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices* (Aug. 4, 2010); GAO, *Higher Education: Stronger Federal Oversight Needed to Enforce Ban on Incentive Payments to School Recruiters* (Oct. 7, 2010); GAO, *For-Profit Colleges: Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges* (Oct. 31, 2011); and ED IG, *Federal Student Aid's Oversight of Schools' Compliance with the Incentive Compensation Ban* (Mar. 24, 2015).

¹⁹ GAO, *Higher Education: Opportunities to Strengthen Federal Accountability* (Apr. 3, 2019).

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- ❑ **Accusations of ineffectiveness in the required monitoring of private collection agencies' (PCAs') compliance with federal debt collection laws.** ED's Inspector General (IG) found that "FSA did not effectively monitor borrower complaints against PCAs and ensure that corrective actions were taken," and that "FSA did not effectively ensure that the PCAs are abiding by the Federal debt collection laws and the related terms of their contractual agreements with FSA."²⁰

²⁰ ED IG, *Handling of Borrower Complaints Against Private Collection Agencies* (Jul. 11, 2014). See also ED IG, *Review of Federal Student Aid's Oversight and Monitoring of Private Collection Agency and Guaranty Agency Security Controls* (Sep. 22, 2014) and ED IG, *Review of Debt Management Collection System 2 (DMCS2) Implementation* (Aug. 4, 2015).

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- **Worries that ED's Office of Postsecondary Education (OPE) "does not have adequate controls over" school accreditation.** This includes ED's IG stating that "OPE does not have written policies and procedures to guide analysts through the review of agency recognition petitions, which can and has led to inconsistencies across agency reviews and among OPE analysts," that "OPE's post-recognition oversight is not adequate to ensure agencies consistently and effectively carry out their responsibilities," and that "OPE's oversight approach may not identify significant agency issues soon enough to mitigate or prevent potential harm to accredited schools, students, or taxpayers."²¹

²¹ ED IG, *U.S. Department of Education's Recognition and Oversight of Accrediting Agencies* (Jun. 27, 2018). See also GAO, *Higher Education: Education Should Strengthen Oversight of Schools and Accreditors [Reissued on January 22, 2015]* (Dec. 22, 2014).

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- **Uncertainty surrounding ED's monitoring of for-profit institutions' financial conditions,** especially as it relates to the risk of unexpected school insolvency. As GAO describes the issue, "[e]ducation uses a financial composite score to measure the financial health of schools . . . [but] the composite score does not reflect changes in accounting practices and standards, relies on outdated financial measures, and is vulnerable to manipulation. Despite these limitations, Education has not updated the composite score since it was first established more than 20 years ago. In 2017, the GAO recommended that Education update its financial composite score. Education has proposed some revisions, but changes have not yet been implemented to protect students and taxpayers against financial risks."²²

²² GAO, *Higher Education: Opportunities to Strengthen Federal Accountability* (Apr. 3, 2019). See also GAO, *Higher Education: Education Should Address Oversight and Communication Gaps in Its Monitoring of the Financial Condition of Schools* (Aug. 21, 2017) and ED IG, *Transparency of Proprietary Schools' Financial Statement Data for Federal Student Aid Programmatic Decisionmaking* (Jul. 23, 2013).

General Servicing

General Servicing: Overview

- GAO, *High-Risk Series: Guaranteed Student Loans* ([Dec. 1992](#))
- GAO, *High-Risk Series: Student Financial Aid* ([Feb. 1995](#))
- GAO, *High-Risk Series: Student Financial Aid* ([Feb. 1, 1997](#))
- GAO, *Reporting of Student Loan Enrollment Status* ([Feb. 6, 1997](#))
- GAO, *Direct Student Loan Program: Management Actions Could Enhance Customer Service* ([Nov. 20, 2003](#))
- GAO, *Federal Student Loan Programs: Opportunities Exist to Improve Audit Requirements and Oversight Procedures* ([Jul. 21, 2010](#))
- ED IG, *Federal Student Aid's Award and Administration of the Title IV Additional Servicers Contracts* ([Aug. 20, 2013](#))
- ED IG, *The U.S. Department of Education's Administration of Student Loan Debt and Repayment* ([Dec. 11, 2014](#))
- GAO, *Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors* ([Nov. 18, 2015](#))

General Servicing: Overview (cont'd)

- GAO, *Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight* ([May 16, 2016](#))
- GAO, *Federal Student Loans: Actions Needed to Improve Oversight of Schools' Default Rates* ([Apr. 26, 2018](#))
- Department of the Treasury, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* ([Jul. 3, 2018](#))
- GAO, *Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers* ([Jul. 27, 2018](#))
- ED IG, *Reissuance of Final Audit Report, "Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans"* ([Mar. 5, 2019](#))

GAO, *High-Risk Series: Guaranteed Student Loans* (Dec. 1992)

Goal: To “report on federal government program areas that we considered ‘high risk.’” ([p.1](#))

Note: This report was prepared at the outset of the Direct Loan program. It evaluates the Department of Education’s then-prospective performance in direct lending in the context of its management of the Federal Family Education Loan Program (FFELP).

Findings:

- **“Management weaknesses have plagued the Department's administration of the [FFELP] loan program. . . . It had conducted little oversight of lenders and guaranty agencies, paying default claims without reliable documentation and failing to collect fees due the government. And it had inadequately trained and organized program staff.”** ([p.8](#))
- **“[T]he inventory of known problems in the Department's administration of guaranteed student loans raises question about its ability to adequately manage a direct lending program.”** ([p.30-31](#))

GAO, *High-Risk Series: Student Financial Aid* (Feb. 1995)

Goal: To examine “the fundamental causes of problems in designated high-risk areas.” ([p.1](#))

Note: The Department of Education began the legislatively mandated 5-year phase-in of Direct Lending in July 1994.

Findings:

- “Although these initial efforts have proceeded without major problems, **there is no assurance that this success will continue as the program rapidly grows.** . . . The Department, in implementing direct lending, **has not developed appropriate plans such as a comprehensive strategic mission or business plan, and a transition plan** for [Direct Lending].” ([p.38-39](#))
- “It is anticipated that about 1,400 schools may be added to the program in the second year. Without a viable strategy to guide the Department during the rapid increase in schools . . . **the Department risks not achieving its FDSLPP mission and objectives efficiently and effectively. History has shown that the Department has experienced problems in operating its student loan programs,** and it needs to continue to develop and formalize planning strategies and procedures **to ensure that FDSLPP does not meet with the same fate.**” ([p.40-41](#))

GAO, High-Risk Series: Student Financial Aid (Feb. 1, 1997)

Goal: To “review and report on the federal program areas its work identified as high risk because of vulnerabilities to waste, fraud, abuse, and mismanagement.” ([p.1](#))

Findings:

- **“Management shortcomings are a major problem**, although in some areas, such as gatekeeping, the Department has improved some of its practices. In others, many past problems remain. For example, **Department initiatives to improve information resources management have not fully succeeded** in improving data quality and systems integration.” ([p.14](#))
- **“Inaccurate loan data are being loaded into the National Student Loan Data System (NSLDS)**, the Department’s principal student aid database intended to help resolve data quality problems.” ([p.14](#))

GAO, *Reporting of Student Loan Enrollment Status* (Feb. 6, 1997)

Goal: To review whether information on students with direct loans leaving a certain medical college was misreported to ED's Direct Loan Program Servicing Center, focusing on "the extent to which borrowers' school enrollment dates differ from the dates recorded by the Department's servicer and . . . whether the problem lies in the school's transmissions to the servicer, the servicer's method of updating its records, or elsewhere." ([p.2](#))

Findings:

- "[B]orrowers' **enrollment dates at the medical college differed from the dates recorded at the Servicing Center.**" ([p.2](#))

Note: As recently as 2017, the CFPB stated it had, "received complaints from student loan borrowers who report encountering a range of servicing problems that may be driven by incomplete or inaccurate reporting of enrollment status information. For some consumers, these problems can lead to surprise interest charges, unexpected loan bills, and lost eligibility for interest subsidies and other benefits." See CFPB, Student data & student debt: How student enrollment status problems can make student loans more expensive (Feb. 2017).

GAO, *Reporting of Student Loan Enrollment Status* (Feb. 6, 1997)

Findings: (cont'd)

- **“The Department’s processes for ensuring that accurate enrollment status changes were recorded in the Servicing Center were inadequate** concerning the 28 borrowers who left the medical college during or after the fall 1996 semester. This occurred because of **significant confusion about the new procedures**, including problems with computer software, both at the Department and at the medical college. In addition, when the college failed to report the enrollment status changes of the 28 borrowers, **the Servicing Center did not follow up to obtain the information.”** ([p.6](#))

*Note: As recently as 2017, the CFPB stated it had, “received complaints from student loan borrowers who report encountering a range of servicing problems that may be driven by incomplete or inaccurate reporting of enrollment status information. For some consumers, these problems can lead to surprise interest charges, unexpected loan bills, and lost eligibility for interest subsidies and other benefits.” See CFPB, *Student data & student debt: How student enrollment status problems can make student loans more expensive* (Feb. 2017).*

GAO, Direct Student Loan Program: Management Actions Could Enhance Customer Service (Nov. 20, 2003)

Goal: To “review the status of the Direct Loan Program by answering the following questions: To what extent have schools participated in the Direct Loan Program?; What factors influenced schools’ decision to participate in the Direct Loan Program, and if applicable, what factors influenced schools’ decision to stop participating?; What steps has FSA taken to increase the user-friendliness of the Direct Loan Program for schools and students?” ([p.2](#))

Findings:

- “Despite schools’ satisfaction with FSA’s Web sites, they reported that it is **challenging to navigate among multiple Web sites.**” ([p.4](#))
- “However, many schools commented that **customer service representatives— contractors hired to provide technical assistance to schools—do not know all of the Direct Loan Program’s requirements** and thus are typically unable to answer their questions.” ([p.4](#))

GAO, Direct Student Loan Program: Management Actions Could Enhance Customer Service (Nov. 20, 2003)

Findings: (cont'd)

- **“FSA does not systematically collect information** about the factors that influence schools’ decision to stop participating in the Direct Loan Program, although **this information could be used to identify needed program improvements.”** ([p.4](#))

GAO, *Federal Student Loan Programs: Opportunities Exist to Improve Audit Requirements and Oversight Procedures* (Jul. 21, 2010)

Goal: To “identify how audits and reviews compare between the programs . . . [by] (1) identifying differences and similarities in audit requirements and oversight procedures for the FFEL and DL programs including anticipated changes to selected Federal Student Aid oversight activities and (2) describing how Federal Student Aid’s policies and procedures are designed to monitor audits and reviews.” ([p.2](#))

Findings:

- “Certain applicable audit objectives included in Office of Management and Budget (OMB) **requirements for compliance audits of nonprofit lenders were not included** in the Department of Education Office of Inspector General (OIG) Lender Audit Guide for compliance audits of for-profit lenders. As a result, audits of lenders performed in accordance with the OIG Lender Audit Guide were **at risk of omitting compliance testing for a key audit objective.**” ([highlights](#))

GAO, Federal Student Loan Programs: Opportunities Exist to Improve Audit Requirements and Oversight Procedures (Jul. 21, 2010)

Findings: (cont'd)

- **“GAO found that third-party servicers for lenders in the FFEL program did not submit their audited financial statements to Education as required. Education lacked a policy and specific procedures to ensure receipt and review of these audited financial statements. Without such reviews, the Office of Federal Student Aid might not be informed of a third-party servicer’s unfavorable audit opinion or significant reported findings that could affect program operations.”** ([highlights](#))

ED IG, Federal Student Aid's Award and Administration of the Title IV Additional Servicers Contracts (Aug. 20, 2013)

Goal: To “determine whether (1) Federal Student Aid (FSA) selected Title IV Additional Servicers (TIVAS) servicing prices that are the most efficient and cost-effective for the Government and (2) FSA adequately monitored the TIVAS to determine their compliance with the contract requirements.” ([p.1](#))

Findings:

- “[W]e determined that (1) FSA appears to have negotiated the most efficient and cost-effective servicing rates, but **we could not determine whether FSA selected the most efficient and cost effective prices for changes to the contracts**; and (2) **FSA did not adequately monitor TIVAS compliance with the contract requirements.**” ([p.1](#))
- “FSA did not adequately monitor TIVAS compliance with the contract requirements because the **contracting officer’s representatives did not sufficiently validate TIVAS invoices** and confirm the timeliness and adequacy of deliverables. Additionally, we found that **FSA used inadequate criteria in its monitoring of the TIVAS contracts.**” ([p.1](#))

ED IG, Federal Student Aid's Award and Administration of the Title IV Additional Servicers Contracts (Aug. 20, 2013)

Findings: (cont'd)

- **"FSA made changes to contract pricing and terms that may have resulted in additional cost to FSA, and FSA did not properly document its decisions of changes to the prices and terms of the TIVAS contracts. FSA modified the TIVAS contracts to include a requirement that should have been included in the base contracts, which resulted in a separate cost of \$600,866 from June 17, 2009, the start of the contract, through December 31, 2012. FSA officials did not properly execute and document its decisions for 18 of 21 changes to prices and terms of the TIVAS contracts that totaled \$1,271,949." (p.6)**

ED IG, Federal Student Aid's Award and Administration of the Title IV Additional Servicers Contracts (Aug. 20, 2013)

Findings: (cont'd)

- “Because the CORs did not sufficiently validate the accuracy of invoices that we sampled, **there is a heightened risk of improper payments for the \$337,363,472 paid to the TIVAS during our audit period.** As detailed earlier, four of the nine sampled invoices contained errors that resulted in improper payments by FSA. In these invoices, either the TIVAS self-identified the errors or we found them. Therefore, **FSA has no assurance that invoices from and payments to the TIVAS were accurate.** In addition, because the CORs did not confirm the timeliness and adequacy of deliverables, **the CORs could not ensure that the TIVAS complied with the contract terms.”** ([p.9](#))

ED IG, The U.S. Department of Education's Administration of Student Loan Debt and Repayment (Dec. 11, 2014)

Goal: To “determine what actions the U.S. Department of Education (Department) has taken to prevent borrowers from defaulting on their student loans.” ([p.1](#))

Findings:

- “The Department **does not have a comprehensive plan or strategy to prevent student loan defaults** and thus **cannot ensure that efforts by various offices involved in default prevention activities are coordinated and consistent.** . . . The lack of a comprehensive plan or strategy may have caused the Department to miss opportunities to communicate and coordinate across Department offices, identify and rank risks, streamline activities, communicate with servicers, use data to manage and innovate, respond to changes, and provide greater transparency.” ([p.1-2](#))

ED IG, The U.S. Department of Education's Administration of Student Loan Debt and Repayment (Dec. 11, 2014)

Findings: (cont'd)

- "In addition, **FSA did not monitor calls** between borrowers and a subcontractor used by one of the TIVAS included in our review even though the subcontractor placed the majority of telephone calls to delinquent Department-held loan borrowers. As a result, **FSA could not ensure the technical accuracy of the information provided to a large portion of the delinquent borrowers or ensure that the customer service provided by the subcontractor was appropriate or adequate.**" ([p.2](#))

GAO, Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors (Nov. 18, 2015)

Goal: To examine “(1) how effective FSA’s instructions and guidance to servicers are, (2) how well FSA monitors and documents calls between Direct Loan borrowers and servicers, and (3) the status of FSA’s oversight of the defaulted loan rehabilitation process.” ([p.1](#))

Findings:

- “[FSA’s] instructions and guidance to loan servicers are sometimes lacking, resulting in inconsistent and inefficient services to borrowers. While FSA has taken some steps to improve program instructions and guidance, six of the seven servicers GAO interviewed reported various issues resulting from **absent, unclear and inconsistent guidance and instructions** from FSA. For example, one servicer said there are no instructions for how to apply over- or underpayments to borrower accounts.” ([highlights](#))

GAO, Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors (Nov. 18, 2015)

Findings: (cont'd)

- "In other cases, guidance is unclear; for example, according to one servicer, **there is insufficient guidance on how to handle reporting certain types of adverse credit history** to credit bureaus. Furthermore, in certain instances when FSA provided additional guidance or clarifications, it did not consistently share them with all servicers." ([highlights](#))
- "[T]here are weaknesses in the processes for selecting calls to be monitored and for documenting results. For example, **FSA monitors far fewer outbound than inbound calls, even though one servicer said it makes 60 times more outbound calls than it receives inbound calls, and outbound calls are often made to borrowers who are delinquent and at risk of default.** Also, **the methodology for selecting recorded calls for review is not well-defined** and relies on servicers to implement, with no verification from FSA to ensure its integrity. This **does not align with the Office of Management and Budget's best practices for developing sample designs.**" ([highlights](#))

GAO, Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors (Nov. 18, 2015)

Findings: (cont'd)

- “[T]he overall results of the call monitoring are poorly documented. For example, summaries of monitored calls did not consistently track errors over time. FSA’s Strategic Plan calls for enhancing customer-facing processes, but FSA’s call monitoring leaves management without complete information it needs to understand how well servicers interact with borrowers.” ([highlights](#))
- “In March 2014, GAO found that **FSA was unable to provide most eligible borrowers who completed loan rehabilitation with timely benefits**, such as removing defaults from their credit reports, for more than a year after upgrading the information system it uses to manage defaulted loans. As a result of limited planning and oversight of its system contractor, **no rehabilitations were processed from October 2011 until April 2012**, and FSA officials said they needed until January 2013 to clear the resulting backlog.” ([highlights](#))

GAO, Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight (May 16, 2016)

Goal: To examine “(1) What type of Direct Loan information do Education and its contracted servicers provide to borrowers, and how accessible is it? and (2) To what extent does Education oversee loan servicers to manage the Direct Loan program?” ([p.2](#))

Findings:

- “[S]ome borrowers GAO interviewed reported **difficulties with contacting servicers through their call centers**. Borrowers noted similar concerns in Education’s 2014 and 2015 customer satisfaction surveys, and Education identified servicers’ call center hours as a key item needing improvement.” ([highlights](#))
- “Education officials said they have **no minimum standard for call center hours** and each servicer sets its own. As a result, **some borrowers have limited access to assistance**. For example, a borrower on the West Coast may have an East Coast servicer whose call center hours end at 1:30 p.m. Pacific time” ([highlights](#))

GAO, Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight (May 16, 2016)

Findings: (cont'd)

- “Education has multiple mechanisms to oversee servicers, but **key weaknesses limit its ability to manage the Direct Loan program.** First . . . it **uses different systems to capture this information and tracks limited information on complaints made to servicers, making it difficult for Education to determine if servicers meet its strategic goal of providing ‘superior service.’** Second, Education rewards servicers with additional loan assignment based on performance metrics and pays servicers for each loan they service, but **these metrics and related compensation do not fully align with Education’s goals for superior service and program integrity.** Education **acknowledged there may be a disincentive,** in terms of lack of compensation, for servicers to counsel borrowers on debt relief programs that may benefit the borrower but necessitate loan transfer to a different servicer. Similarly, **because no performance metrics relate to compliance with program requirements, servicers with more compliance errors experience no reduction in assigned loans,** even as their borrowers may experience servicing problems. For example, past compliance reviews found issues with servicers not giving thousands of borrowers a full grace period before repayment began, but these findings had no effect on the amount of Direct Loan accounts the servicers were assigned the next year.” ([highlights](#))

GAO, Federal Student Loans: Actions Needed to Improve Oversight of Schools' Default Rates (Apr. 26, 2018)

Goal: To examine “(1) how schools work with borrowers to manage schools’ cohort default rates, and how these strategies affect borrowers and schools’ accountability for defaults, and (2) the extent to which Education oversees the strategies schools and their default management consultants use to manage schools’ cohort default rates and informs the public about its efforts to hold schools accountable.” ([p.2](#))

Findings:

- “At five of the nine selected default management consultants (that served about 800 of 1,300 schools), GAO identified examples when **forbearance was encouraged over other potentially more beneficial options** for helping borrowers avoid default, such as repayment plans that base monthly payments on income.” ([highlights](#))

GAO, *Federal Student Loans: Actions Needed to Improve Oversight of Schools' Default Rates* (Apr. 26, 2018)

Findings: (cont'd)

- “Education states it does not have explicit statutory authority to require that the information schools or their consultants provide to borrowers after they leave school regarding loan repayment and postponement be accurate and complete. As a result, **schools and consultants may not always provide accurate and complete information to borrowers.**” ([highlights](#))
- “Education does not report the number of schools sanctioned for high default rates, which limits **transparency** about the 3- year default rate’s usefulness for Congress and the public.” ([highlights](#))

Department of the Treasury, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* (Jul. 3, 2018)

- “Due to the federal student loan program’s complexity and Education’s limited guidance on servicing standards (1) **[B]orrowers may be treated differently by different servicers**, causing financial disparities, (2) Education’s website provides generic information but each servicer must maintain its own website, (3) federal and state regulators have raised concerns with servicing practices, and (4) **both the cost of servicing and difficulty of oversight have increased.**” ([p.124](#))
- “Borrowers in the same financial situation who contact two different servicers in the federal student loan program to enroll in a more affordable repayment plan **may end up with different results and advice, which may result in a financial impact on the borrowers.**” ([p.124](#))
- “Some servicers have **not provided borrowers the ability to direct payments to a specific loan** or have not fully implemented guidance from Education on how to process over- and underpayments.” ([p.124](#))

Department of the Treasury, *A Financial System That Creates Economic Opportunities: Nonbank Financials, Fintech, and Innovation* (Jul. 3, 2018)

- **“Education’s website lacks basic financial literacy information** about how to read a monthly statement or plain language explanations of different letters sent by servicers Borrowers searching online for advice may get different information depending on their search results from Education’s website and the servicer’s website.” ([p.124](#))
- **“Because data about the student loan portfolio comes from many different sources . . . the data is often in incompatible formats and housed in separate, antiquated systems.** This limits Education’s ability to appropriately monitor trends in performance that should be addressed through servicing changes and manage the federal student loan portfolio. Further, **Education releases very limited data about the performance of the portfolio.**” ([p.126](#))
- **“The existing metric used by Education [for loan performance by school], the cohort default rate, does not capture other problematic loan statuses** that show the borrower may be struggling to repay (e.g., significant delinquencies and extended forbearances) and **the metric is easily gamed by institutions.**” ([p.127](#))

GAO, Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers (Jul. 27, 2018)

Goal: To examine “the status of Education's efforts to implement our prior recommendations for improving oversight of federal student loan servicers.” (p.1)

Note: The recommendations referenced are those included in GAO, Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight (May 16, 2016), supra.

Findings:

- “Education has implemented **two of the six recommendations** we made . . . Education reported that the remaining four recommendations will be addressed over time through Education’s broader redesign of its student loan servicing system, although an Education official said **the specifics of that system have not yet been determined.**” ([p.3](#))
- “In June 2018, Education reported that it would . . . [review its methods of providing instructions and guidance to servicers] through its broader redesign of the loan servicing system . . . although **the details of how that will be done have not yet been decided.**” ([p.4](#))

GAO, Federal Student Loans: Further Actions Needed to Implement Recommendations on Oversight of Loan Servicers (Jul. 27, 2018)

Findings: (cont'd)

- “The official said all borrowers will have access to the same call center number and other customer service functions, but **the specifics have not yet been decided.**” ([p.5](#))
- Regarding GAO’s recommendation that ED make a new complaint tracking system, GAO stated, “While **the details have yet to be determined,** the goal is to create a unified process consistent with the intent of this recommendation, according to Education.” ([p.5](#))

ED IG, Reissuance of Final Audit Report,* “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans” (Mar. 5, 2019)

Goal: To “determine whether Federal Student Aid (FSA) had established policies and procedures to mitigate the risk of servicers not servicing federally held student loans in accordance with Federal requirements.” ([p.1](#))

Findings:

- **“FSA had not established policies and procedures that provided reasonable assurance that the risk of servicer noncompliance with requirements for servicing federally held student loans was mitigated.”** ([p.2](#))
- **“FSA’s oversight activities regularly identified instances of servicers’ not servicing federally held student loans in accordance with Federal requirements.** From January 1, 2015, through September 30, 2017, **61 percent (210) of 343 reports on FSA’s oversight activities disclosed instances of servicer noncompliance.**” ([p.2](#))

**This report was re-issued after its authors identified a need for two minor corrections. The report states that the corrections, “do not have an effect on our conclusions or recommendations.”*

ED IG, Reissuance of Final Audit Report,* “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans” (Mar. 5, 2019)

Findings: (cont’d)

- “Further, **FSA’s not holding servicers accountable could lead to servicers being paid more than they should be** (the contracts with servicers allow FSA to recover amounts paid for loans not serviced in compliance with requirements).” ([p.2](#))
- “FSA management routinely tracked the instances of noncompliance that servicers did not remediate before FSA issued a final review report. However, it did not track the identified instances of noncompliance that servicers remediated, even though **FSA management could have used such information to identify patterns of noncompliance. FSA management also had not analyzed the information it did track to identify trends and recurring instances of noncompliance** at each servicer and across all servicers.” ([p.2](#))

**This report was re-issued after its authors identified a need for two minor corrections. The report states that the corrections, “do not have an effect on our conclusions or recommendations.”*

ED IG, Reissuance of Final Audit Report,* “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans” (Mar. 5, 2019)

Findings: (cont’d)

- **“FSA management rarely used available contract accountability provisions to hold servicers accountable for instances of noncompliance. It also did not incorporate a performance metric relevant to servicer compliance with Federal requirements into its methodology for assigning loans to servicers.”** ([p.2](#))
- **“By not holding servicers accountable for instances of noncompliance with Federal loan servicing requirements, FSA did not provide servicers with an incentive to take actions to mitigate the risk of continued servicer noncompliance that could harm students.”** ([p.2](#))

**This report was re-issued after its authors identified a need for two minor corrections. The report states that the corrections, “do not have an effect on our conclusions or recommendations.”*

ED IG, Reissuance of Final Audit Report,* “Federal Student Aid: Additional Actions Needed to Mitigate the Risk of Servicer Noncompliance with Requirements for Servicing Federally Held Student Loans” (Mar. 5, 2019)

Findings: (cont’d)

- “Additionally, **FSA employees did not always follow policy when evaluating the quality of servicer representatives’ interactions with borrowers**, and **FSA did not provide reports of failed calls to servicers** during a 10-month period, from June 2016 through March 2017 As a result, FSA management **did not have reasonable assurance** that servicers were complying with Federal loan servicing requirements when handling borrowers’ inquiries, borrowers might not have been protected from poor services, and taxpayers might not have been protected from improper payments.” ([p.2](#))

**This report was re-issued after its authors identified a need for two minor corrections. The report states that the corrections, “do not have an effect on our conclusions or recommendations.”*

**Income-Based Repayment, Public Service
Loan Forgiveness, and TEACH Grants**

Income-Based Repayment, Public Service Loan Forgiveness, and TEACH Grants: Overview

- Comments from Obama Administration Deputy Treasury Secretary Sarah Bloom Raskin, [2014-2015](#)
- GAO, *Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes* ([Feb. 24, 2015](#))
- GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options* ([Aug. 25, 2015](#))
- ED IG, *The Department's Communication Regarding the Costs of Income-Driven Repayment Plans and Loan Forgiveness Programs* ([Jan. 31, 2018](#))
- GAO, *Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers* ([Sep. 5, 2018](#))
- GAO, *Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion* ([Sep. 5, 2019](#))

Comments from Obama Administration Deputy Treasury Secretary Sarah Bloom Raskin, 2014-2015

- November 6, 2014: “Servicers have provided inadequate information on repayment options and failed to enroll them in an income-driven repayment plan.”¹⁴
- September 28, 2015: “The current student loan financing system generally imposes too little accountability on schools or servicers alike for their outcomes GAO recently released a report called “Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options,” in which it noted that 70% of borrowers with defaulted loans could be qualifying for income-based repayment, but that these borrowers are not being given the option by their servicers.”¹⁵

¹⁴ Sarah Bloom Raskin, Remarks of Deputy Secretary Raskin on Student Loans at the National Consumer Law Center's Annual Consumer Rights Litigation Conference (Nov. 6, 2014), <https://www.treasury.gov/press-center/press-releases/Pages/JL2689.aspx>.

¹⁵ Sarah Bloom Raskin, Remarks by Deputy Secretary Sarah Bloom Raskin at the National Foundation for Credit Counseling 50th Annual Leaders' Conference (Sep. 28, 2015), <https://www.treasury.gov/press-center/press-releases/Pages/jl0186.aspx>.

GAO, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes (Feb. 24, 2015)

Goal: To consider “1. How many students and teachers are potentially eligible for and participate in the three teacher aid programs, and for the TEACH Grant program, to what extent are recipients satisfying grant requirements? 2. What have selected schools, teachers, and students identified as the benefits of and challenges with program participation? 3. To what extent has Education taken steps to effectively manage and evaluate these programs?” ([p.2](#))

Findings:

- “Education also **has not established performance measures for the three programs nor used available data to systematically evaluate them.** Managing for results includes setting meaningful performance goals and measuring progress toward them. Absent those, Education is unlikely to be able to use data to improve program administration and participant outcomes.” ([highlights](#))

GAO, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes (Feb. 24, 2015)

Findings: (cont'd)

- “Education has a stated goal to take a data-driven approach to better understand its customers, but **does not collect information on why recipients do not meet requirements**. Absent this data, **Education is hindered** in taking steps to reduce grant-to-loan conversions and improve participant outcomes.” ([highlights](#))
- “Education tracks participation in all three programs, but **lacks clear, consistent guidance to help recipients understand the TEACH grant-to-loan conversion dispute process**. As of September 2014, GAO’s analysis of TEACH servicer data shows that **2,252 grants were erroneously converted to loans**. Education officials said they now monitor the servicer more closely and plan to review all of the nearly 36,000 of the program’s grant-to-loan conversions, but **the agency has not systemically reviewed the cause of the errors**.” ([highlights](#))

GAO, Higher Education: Better Management of Federal Grant and Loan Forgiveness Programs for Teachers Needed to Improve Participant Outcomes (Feb. 24, 2015)

Findings: (cont'd)

- “Education **lacks reasonable assurance that it has taken steps to minimize future erroneous conversions.** Education established a dispute process to address concerns about TEACH grants converted to loans in error; however, GAO found that **Education and the servicer provide incomplete and inconsistent information** to recipients about the availability of and criteria for disputing conversions.” ([highlights](#))

GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options* (Aug. 25, 2015)

Goal: To consider “(1) How does borrower participation in Income-Based Repayment and Pay As You Earn compare to available estimates of eligibility, and to what extent has Education taken steps to increase borrower awareness of these plans? (2) What is known about Public Service Loan Forgiveness certification and eligibility, and to what extent has Education taken steps to increase awareness of this program?” ([p.2](#))

Findings:

- **“Many eligible borrowers do not participate** in the Department of Education’s (Education) Income-Based Repayment and Pay As You Earn repayment plans for Direct Loans, and **Education has not provided information about the plans to all borrowers in repayment . . .** While the Department of the Treasury estimated that 51 percent of Direct Loan borrowers were eligible for Income-Based Repayment as of September 2012 . . . Education data show 13 percent were participating as of September 2014. An additional 2 percent were in Pay As You Earn.” ([highlights](#))
- “Few borrowers who may be employed in public service have had their employment and loans certified for the Public Service Loan Forgiveness program, and **Education has not assessed its efforts to increase borrower awareness.**” ([highlights](#))

GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options* (Aug. 25, 2015)

Findings: (cont'd)

- “Although Education has a strategic goal to provide superior information and service to borrowers, **the agency has not consistently notified borrowers who have entered repayment about the plans.** As a result, **borrowers who could benefit from the plans may miss the chance** to lower their payments and reduce the risk of defaulting on their loans.” ([highlights](#))

- “It is **unclear whether borrowers who may be eligible for the program are aware of it.** Although Education has a strategic goal to provide superior information and service to borrowers . . . **it has not notified all borrowers in repayment about the program.** In addition, **Education has not examined borrower awareness of the program** to determine how well its efforts are working. **Borrowers who have not been notified about Public Service Loan Forgiveness may not benefit** from the program when it becomes available in 2017, potentially forgoing thousands of dollars in loan forgiveness.” ([highlights](#))

ED IG, *The Department's Communication Regarding the Costs of Income-Driven Repayment Plans and Loan Forgiveness Programs* (Jan. 31, 2018)

Goal: To “determine whether the Department’s communication related to the costs of Federal student loan programs’ income-driven repayment (IDR) plans and loan forgiveness programs was informative to decision makers and the public.” ([p.1](#))

Findings:

- “Based on our review . . . **the Department should have enhanced its communications regarding cost information related to the Federal student loan programs’ IDR plans and loan forgiveness programs to make it more informative and easier to understand.**” ([p.1](#))
- “Decision makers and others may not be aware of the growth in the participation in these IDR plans and loan forgiveness programs and the resulting additional costs. They also may not be aware of the risk that, for future loan cohorts, **the Federal government and taxpayers may lend more money overall than is repaid from borrowers.**” ([p.1](#))

ED IG, *The Department's Communication Regarding the Costs of Income-Driven Repayment Plans and Loan Forgiveness Programs* (Jan. 31, 2018)

Findings: (cont'd)

- “[T]he AFR, FSA’s annual report, and the budget documents **did not contain information** about the financial impact that the growth in the use of IDR plans and loan forgiveness programs has had or could have in the future.” ([p.3](#))

GAO, Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers (Sep. 5, 2018)

Goal: To examine “(1) the number of borrowers pursuing PSLF and the extent to which Education has conducted outreach to increase borrower awareness of program eligibility requirements, and (2) the extent to which Education has provided key information to the PSLF servicer and borrowers.” ([p.2](#))

Findings:

- “Education has used various outreach methods to inform borrowers about PSLF, but **the large number of denied borrowers suggests that many are still confused by the program requirements.**” ([highlights](#))

GAO, Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers (Sep. 5, 2018)

Findings: (cont'd)

- "Education **does not provide key information to the PSLF servicer and borrowers.**
 - ❑ Guidance and instructions: Education provides **piecemeal guidance** and instructions to the PSLF servicer it contracts with to process certification requests and loan forgiveness applications." ([highlights](#))
 - ❑ "Education **has not provided the PSLF servicer and borrowers with a definitive source of information for determining which employers qualify** a borrower for loan forgiveness" ([highlights](#))
 - ❑ "Education **does not ensure the PSLF servicer receives consistent information on borrowers' prior loan payments** from the eight other federal loan servicers, which could increase the risk of miscounting qualifying payments." ([highlights](#))

GAO, Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion (Sep. 5, 2019)

Goal: To examine “(1) the extent to which the process for obtaining TEPSLF loan forgiveness is clear to borrowers, (2) what is known about TEPSLF loan forgiveness approvals and denials, and how Education communicates with borrowers about denials, and (3) the extent to which Education has conducted outreach to increase borrower awareness of TEPSLF.” ([p.2](#))

Findings:

- “The Department of Education’s (Education) process for obtaining Temporary Expanded Public Service Loan Forgiveness (TEPSLF) is **not clear to borrowers.**” ([highlights](#))
- “[T]he process can be confusing for borrowers who do not understand why they must apply separately for PSLF—a program they are ineligible for—to be eligible for TEPSLF. Requiring borrowers to submit a separate PSLF application to pursue TEPSLF, rather than having an integrated request such as by including a checkbox on the PSLF application for interested borrowers, is **not aligned with Education’s strategic goal to improve customer service to borrowers.** As a result, some eligible borrowers may miss the opportunity to have their loans forgiven.” ([highlights](#))

GAO, Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion (Sep. 5, 2019)

Findings: (cont'd)

- "As of May 2019, Education had processed about 54,000 requests for TEPSLF loan forgiveness since May 2018, and **approved 1 percent of these requests**, totaling about \$26.9 million in loan forgiveness (see figure). Most denied requests (71 percent) were denied because the borrower had not submitted a PSLF application." ([highlights](#))
- "[S]ome of Education's key online resources for borrowers do not include information on TEPSLF. Education reported that it has conducted a variety of PSLF and TEPSLF outreach activities such as emails to borrowers, social media posts, and new website content. However, Education **does not require all federal loan servicers** (who may serve borrowers interested in public service loan forgiveness) to include TEPSLF information on their websites." ([highlights](#))
- "Further, Education's Online Help Tool for borrowers—which provides information on PSLF eligibility—**does not include any information on TEPSLF.**" ([highlights](#))

Servicemembers Civil Relief Act (SCRA) Compliance

Servicemembers Civil Relief Act (SCRA) Compliance: Overview

- ED IG, *Letter to Senators Murray, Warren, and Blumenthal* ([Feb. 29, 2016](#))
- GAO, *Student Loans: Oversight of Servicemembers' Interest Rate Cap Could Be Strengthened* ([Nov. 15, 2016](#))

ED IG, *Letter to Senators Murray, Warren, and Blumenthal* (Feb. 29, 2016)

Goal: To “conduct an independent examination of the adequacy and accuracy of the Department of Education's (Department) reviews of student loan servicers' compliance with the Servicemembers Civil Relief Act (SCRA) requirement to provide eligible servicemembers with an interest rate reduction on certain Federal student loans.” (p.1)

Findings:

- “We identified **flaws in the Department's sampling design** that resulted in the Department testing few borrowers eligible for the SCRA benefit, errors in the program reviews it conducted, and **inconsistent and inadequate corrective actions** for the errors it identified” (p.1)
- “As a result, the press release of May 26, 2015 [stating that “in less than 1 percent of cases, borrowers were incorrectly denied the 6 percent interest rate cap required by the laws”] is **unsupported and inaccurate.**” (p.1)

ED IG, *Letter to Senators Murray, Warren, and Blumenthal* (Feb. 29, 2016)

Findings: (cont'd)

- “[T]he control requiring the TJV AS match with Defense Manpower Data Center, **if implemented properly, should have corrected this problem as of July 2014. FSA did not make any effort to require the TIVAS to identify and correct all potential instances of incorrect denials of the SCRA interest rate cap.**” ([p.6](#))

GAO, Student Loans: Oversight of Servicemembers' Interest Rate Cap Could Be Strengthened (Nov. 15, 2016)

Goal: To examine “the following questions: (1) How many servicemembers have received the SCRA interest rate cap for their student loans; (2) what challenges do servicemembers face obtaining the cap; and (3) to what extent do federal agencies oversee implementation of the cap?” ([p.2](#))

Findings:

- “Education’s new borrower complaint system simplifies the complaint process for consumers, but **lacks the ability to track SCRA complaints systematically**. Without a systematic way to track complaints about the rate cap, **Education will not be certain whether servicemembers continue to experience problems**, making it difficult for Education to meet its strategic goal of providing superior service.” ([p.33](#))

Debt Collection

Debt Collection: Overview

- GAO, *Federal Student Loans: Better Oversight Could Improve Defaulted Loan Rehabilitation* ([Mar. 6, 2014](#))
- ED IG, *Handling of Borrower Complaints Against Private Collection Agencies* ([Jul. 11, 2014](#))
- ED IG, *Review of Federal Student Aid's Oversight and Monitoring of Private Collection Agency and Guaranty Agency Security Controls* ([Sep. 22, 2014](#))
- ED IG, *Review of Debt Management Collection System 2 (DMCS2) Implementation* ([Aug. 4, 2015](#))

GAO, Federal Student Loans: Better Oversight Could Improve Defaulted Loan Rehabilitation (Mar. 6, 2014)

Goal: To examine “(1) how Education assists borrowers in rehabilitating defaulted student loans; (2) how the upgrade of Education’s defaulted loan information system affected loan rehabilitation; and (3) how Education oversees collection agencies in implementing loan rehabilitation.” ([p.1-2](#))

Findings:

- “For more than a year after the October 2011 upgrade of its defaulted loan information system, **Education was unable to provide most borrowers who completed rehabilitation with timely benefits**, such as removing defaults from their credit reports. **GAO found the delays largely attributable to gaps in Education’s oversight of its system contractor.**” ([highlights](#))
- “In addition, **system testing was not sufficient for Education to detect key problems** prior to the upgrade. As a result, no rehabilitations were processed until April 2012, and officials said they needed until January 2013 to clear the resulting backlog. During this time period, Education reported rehabilitating loans for about 200,000 borrowers, **but it has not developed performance data to assess the number or extent of individual borrower delays.**” ([highlights](#))

GAO, Federal Student Loans: Better Oversight Could Improve Defaulted Loan Rehabilitation (Mar. 6, 2014)

Findings: (cont'd)

- “Further, Education has acknowledged that **the system still requires workarounds and a substantial amount of development work** will need to be completed under a new contract, which was awarded in September 2013, to address remaining system issues.” ([highlights](#))
- “Education has developed tools for overseeing collection agencies, but **key weaknesses reduce its ability to effectively monitor their performance**. Specifically, to ensure collection agencies provide borrowers with accurate information, Education monitors their interactions with borrowers through quarterly reviews of loan rehabilitation phone calls. However, GAO found that **Education has not consistently completed such call reviews**. While Education provides the results of its reviews to each collection agency, it does not ensure corrective actions are taken and does not systematically analyze results over time or across collection agencies to inform its oversight activities. As a result, it may be difficult for Education to ensure that borrowers receive accurate information regarding loan rehabilitation.” ([highlights](#))

ED IG, Handling of Borrower Complaints Against Private Collection Agencies (Jul. 11, 2014)

Goal: To “review borrower complaints against private collection agencies (PCAs) to evaluate how effectively Federal Student Aid (FSA) (1) monitors borrower complaints and ensures that corrective action is taken, (2) ensures PCAs are abiding by Federal debt collection laws and the related terms of their contracts, and (3) considers borrower complaints in its evaluation and compensation of PCAs.” ([p.1](#))

Findings:

- **“FSA did not effectively monitor borrower complaints against PCAs and ensure that corrective actions were taken.** Because FSA’s Business Operations and Default Division senior managers consider the number of complaints to be immaterial, they place insufficient emphasis on the importance of identifying, tracking, and resolving borrower complaints.” ([p.1](#))

ED IG, Handling of Borrower Complaints Against Private Collection Agencies (Jul. 11, 2014)

Findings: (cont'd)

- **“We also found that FSA did not effectively ensure that the PCAs are abiding by the Federal debt collection laws and the related terms of their contractual agreements with FSA Specifically, the contracting officer’s representative did not evaluate the PCAs’ monthly quality control reports, which contain information about the PCAs’ internal monitoring of their compliance with Federal and State debt collection laws, or the PCAs’ management/fiscal reports, which contain borrower complaint information.”** ([p.1](#))

- **“Nor did the contracting [PCA] officer’s representative prepare and submit the required annual evaluation of the PCAs’ performance.** In addition, during the audit period, FSA reduced the number of phone calls it monitored between the PCAs and borrowers for adherence to Federal debt collection laws. **FSA monitored fewer phone calls in part because of the time it takes to review calls.”** ([p.1](#))

ED IG, *Handling of Borrower Complaints Against Private Collection Agencies* (Jul. 11, 2014)

Findings: (cont'd)

- “FSA uses the Competitive Performance and Continuous Surveillance (CPCS) score to evaluate and compensate PCAs. However, we found that **FSA did not use the Service Quality performance indicator, which includes factors such as accuracy and completeness, rejections, bounced checks, or customer satisfaction, in calculating the CPCS scores.**” [Note: Contracts between FSA and the PCAs specify that FSA must ask PCAs to cease an activity that is subject to a complaint and reduce the the PCA’s CPCS score if it does not stop the activity.] ([p.1](#))
- “We found that **FSA does not have a process for identifying complaints that are a concern.** As a result, FSA has not ordered any PCAs to cease any activity because of a borrower’s complaint nor deducted points from a PCA’s quarterly CPCS score. Therefore, PCA compensation had not been reduced due to complaints.” ([p.2](#))

ED IG, *Review of Federal Student Aid's Oversight and Monitoring of Private Collection Agency and Guaranty Agency Security Controls* (Sep. 22, 2014)

Goal: To “gain a better understanding of how effective FSA’s oversight and monitoring of PCA and GA operational controls were relating to the security of the U.S. Department of Education’s (Department) information.” ([p.1](#))

Findings:

- “We concluded that **FSA did not provide adequate oversight of PCA and GA information security controls**. Specifically, we found that (1) FSA **did not issue a valid authorization** to operate to any of the PCAs for an average of 8 months per PCA, (2) findings of security control deficiencies **were not resolved timely**, (3) FSA **neither collected nor validated PCA training certificates as required**, and (4) FSA has inadequate assurance that GA information system security complies with requirements of the Federal Information Security Management Act of 2002 (FISMA).” ([p.1](#))

ED IG, Review of Debt Management Collection System 2 (DMCS2) Implementation (Aug. 4, 2015)

Goal: To “determine whether Federal Student Aid’s (FSA) plan for correcting DMCS2 system deficiencies provided for accountability; specifically, we assessed whether the plan included (1) milestones to ensure Xerox Education Solutions, LLC, (Xerox) timely corrected system deficiencies and (2) options to hold Xerox accountable if it did not have a fully functional system at the end of the initial Xerox contract on December 31, 2013.” ([p.1](#))

Findings:

- “We found that **FSA could not ensure that Xerox delivered a fully functional DMCS2 because FSA did not develop an adequate plan, ensure Xerox met milestones, or use appropriate systems development tools.** FSA provided a document, referred to as the One-Pager, as part of the May 2013 Status and Completion document⁶ presented as its plan for correcting DMCS2 deficiencies for our review. FSA did not include the milestones that were in the One-Pager in the Xerox contract. **FSA failed to enforce Xerox’s milestones and ensure that system fixes were independently verified. In addition, FSA routinely revised Xerox’s milestones when Xerox missed them. . . . Xerox failed to deliver a fully functional DMCS2.”** ([p.1](#))

For-Profit Colleges

For-Profit Colleges: Overview

- GAO, *Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements* ([Aug. 20, 1984](#))
- GAO, *Proprietary School Compliance With Requirements of the Pell Grant Program* ([Aug. 1, 1985](#))
- GAO, *Student Financial Aid: Education Can Do More to Screen Schools Before Students Receive Aid* ([Sep. 27, 1991](#))
- GAO, *Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations* ([Jun. 10, 1997](#))
- GAO, *Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid* ([Aug. 17, 2009](#))
- GAO, *Proprietary Schools: Improved Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid* ([Oct. 14, 2009](#))
- GAO, *For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices* ([Aug. 4, 2010](#))
- GAO, *Higher Education: Stronger Federal Oversight Needed to Enforce Ban on Incentive Payments to School Recruiters* ([Oct. 7, 2010](#))
- GAO, *For-Profit Colleges: Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges* ([Oct. 31, 2011](#))

For-Profit Colleges: Overview (cont'd)

- United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* ([Jul. 30, 2012](#))
- ED IG, *Transparency of Proprietary Schools' Financial Statement Data for Federal Student Aid Programmatic Decisionmaking* ([Jul. 23, 2013](#))
- GAO, *Higher Education: Education Should Strengthen Oversight of Schools and Accreditors [Reissued on January 22, 2015]* ([Dec. 22, 2014](#))
- ED IG, *Federal Student Aid's Oversight of Schools' Compliance with the Incentive Compensation Ban* ([Mar. 24, 2015](#))
- GAO, *Higher Education: Education Should Address Oversight and Communication Gaps in Its Monitoring of the Financial Condition of Schools* ([Aug. 21, 2017](#))
- ED IG, *Federal Student Aid's Processes for Identifying At-Risk Title IV Schools and Mitigating Potential Harm to Students and Taxpayers* ([Feb. 24, 2017](#))
- ED IG, *U.S. Department of Education's Recognition and Oversight of Accrediting Agencies* ([Jun. 27, 2018](#))
- GAO, *Higher Education: Opportunities to Strengthen Federal Accountability* ([Apr. 3, 2019](#))

GAO, Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements (Aug. 20, 1984)

Goal: To examine the Pell Grant program's administration by proprietary schools, specifically regarding whether "the controls exist for insuring compliance with program regulations . . . [and] the existing controls are adequate in preventing program abuses and assuring efficient and effective implementation of program activities, and — —alternative means of program control are feasible." ([p.3](#))

Findings:

- "GAO estimates that **school practices, which are not in the best interests of the students and do not comply with the program requirements, are costing the federal government millions of dollars.** GAO believes that **improved monitoring is needed** to better assure schools comply with program requirements and that students obtain intended benefits." ([p.i](#))
- "Admission requirements [are] often lax Students remain in school without making satisfactory academic progress Some schools use questionable recruiting practices . . . [and] Some schools make errors in administering federal funds." ([p. ii-iv](#))

GAO, Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements (Aug. 20, 1984)

Findings: (cont'd)

- **“ED program reviews have not provided the degree of assurance needed that schools are complying with Pell Grant regulations. ED has limited staff resources to conduct on-site reviews.” ([p.v](#))**

GAO, Proprietary School Compliance With Requirements of the Pell Grant Program (Aug. 1, 1985)

Goal: To examine “concerns about reports of proprietary schools abusing the Pell Grant program.” ([p.1](#))

Note: This is testimony made as follow-up to GAO, Many Proprietary Schools Do Not Comply With Department of Education's Pell Grant Program Requirements (Aug. 20, 1984), supra.

Findings:

- “In summary, we found that **many school were not complying with program requirements**. Some of these schools' questionable practices included (1) **admitting unqualified students**, who we found had a greater tendency to drop out of school before completing their training than did qualified students; (2) **not establishing and/or enforcing academic progress standards**; (3) **misrepresenting themselves** to prospective students; and (4) making **errors in computing and disbursing** Pell Grant awards and refunds.” ([p.3](#))

GAO, Proprietary School Compliance With Requirements of the Pell Grant Program (Aug. 1, 1985)

Findings: (cont'd)

- “The Department of Education 's regulations require that participating schools be audited by an independent public accountant at least once every 2 years However, **the Department has limited resources to conduct these reviews and, therefore, can not adequately assure that schools comply with Pell Grant regulations.**” ([p.5](#))

GAO, Student Financial Aid: Education Can Do More to Screen Schools Before Students Receive Aid (Sep. 27, 1991)

Goal: To “determine what changes might strengthen the Department of Education’s role as the “gatekeeper” for approving schools before their students can receive federal student aid.” ([p.1](#))

Findings:

- **“Adequate controls are not in place within the Department of Education** to prevent financially weak schools and schools not providing promised training from participating in federal student aid programs.” ([p.1](#))
- **“Several studies have identified weaknesses in the procedures the Department uses in determining a school’s eligibility and certification.** Stricter eligibility and certification procedures could prevent schools that are financially weak or fail to provide promised training from participating in federal student aid programs.” ([p.3](#))

GAO, Student Financial Aid: Education Can Do More to Screen Schools Before Students Receive Aid (Sep. 27, 1991)

Findings: (cont'd)

- **“The Department makes little effort to ensure that schools have the financial resources to protect students and the government from loss.”** ([p.4](#))
- **“In May 1990, the Department proposed changing its regulations to require schools to submit annual financial statements audited and certified by an independent certified public accountant as a condition of eligibility. However, as of September 1991, the regulations had not been finalized.”** ([p.6](#))

GAO, Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations (Jun. 10, 1997)

Goal: To “determine the extent to which title IV funds finance proprietary school training in fields with insufficient job demand.” ([p.2](#))

Findings:

- “Because most proprietary school skill training lacks a general education component, it is not readily transferable to other occupations. This produces proprietary school graduates who are **less versatile workers** than graduates of degree-granting programs. In addition, wages for positions suitable for proprietary school graduates are usually too low to motivate these graduates to relocate long distances to find work, making them more dependent on local labor market conditions. These circumstances make proprietary school graduates **more susceptible to unemployment and less likely to meet their student loan obligations** than other postsecondary graduates.” ([p.1](#))

GAO, Proprietary Schools: Millions Spent to Train Students for Oversupplied Occupations (Jun. 10, 1997)

Findings: (cont'd)

- "The federal government **spends millions of student financial aid dollars to train students for occupations that already have a surplus of workers.** For fiscal year 1995, \$273 million in Title IV funds subsidized over **112,000 proprietary school students** to train in fields with projected labor supply surpluses in the 12 states we reviewed. In some cases, proprietary school students received training in occupations with projected labor supply surpluses in several states." ([p.4](#))

GAO, Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid (Aug. 17, 2009)

Goal: To examine “(1) how the student loan default profile of proprietary schools compares with that of other types of schools and (2) the extent to which Education’s policies and procedures for monitoring eligibility requirements for federal aid at proprietary schools protect students and the investment of Title IV funds.” ([p.2](#))

Findings:

- “Although students must meet certain eligibility requirements to demonstrate that they have the ability to succeed in school before they receive federal loans, **weaknesses in Education’s oversight of these requirements place students and federal funds at risk** of potential fraud and abuse at proprietary schools For example, **when GAO analysts posing as prospective students took the basic skills test at a local proprietary school, the independent test administrator gave out answers to some of the test questions. In addition, the analysts’ test forms were tampered with—their actual answers were crossed out and changed—to ensure the individuals passed the test.**” ([highlights](#))

GAO, Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid (Aug. 17, 2009)

Findings: (cont'd)

- “[S]tudents from proprietary schools have **higher default rates** than students from other schools at 2, 3, and 4 years into repayment.” ([highlights](#))
- “GAO also identified **cases in which officials at two proprietary schools helped prospective students obtain invalid high school diplomas** from diploma mills in order to gain access to federal loans.” ([highlights](#))
- “Education’s inadequate monitoring of basic skills tests and lack of guidance on valid high school diplomas **enables unqualified students to gain access to federal student aid**. Unqualified students are at greater **risk of dropping out of school, incurring substantial debt, and defaulting** on federal loans.” ([highlights](#))

GAO, Proprietary Schools: Improved Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid (Oct. 14, 2009)

Goal: “To address Education’s monitoring of federal aid eligibility requirements . . .” ([p.2](#))

Note: This is testimony prepared to present the results of GAO, Proprietary Schools: Stronger Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid (Aug. 17, 2009), supra.

Findings:

- “[W]e, along with other federal and state investigative agencies, found test administrators or school officials **violated rules intended to ensure prospective students without high school diplomas pass required ATB tests before obtaining access to Title IV financial aid.** For example, when GAO analysts posing as prospective students took the ATB test at a proprietary school, the independent test administrator **gave them and all the test takers in the room—about 20 people in total—answers to some of the test questions.** In addition, the analysts’ test forms were tampered with: **their intentionally incorrect answers were crossed out and changed to correct answers** to ensure the individuals passed the test.” ([p.2](#))

GAO, Proprietary Schools: Improved Department of Education Oversight Needed to Help Ensure Only Eligible Students Receive Federal Student Aid (Oct. 14, 2009)

Findings: (cont'd)

- "These problems result, in part, from **key weaknesses in Education's oversight of ATB testing.**" ([p.3](#))
- "We also identified cases in which **recruiters at two separate publicly traded proprietary schools helped prospective students obtain invalid high school diplomas from diploma mills**—entities that provide invalid diplomas, usually for a fee and little academic work—so that students could gain **access to federal loans.**" ([p.4](#))
- "Problems with the use of invalid high school diplomas to gain access to federal student aid are partly attributed to **key weaknesses in Education's policies governing high school diploma requirements,** and the lack of information and guidance on valid high school diplomas." ([p.4](#))

GAO, For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices (Aug. 4, 2010)

Goal: To “1) conduct undercover testing to determine if for-profit colleges’ representatives engaged in fraudulent, deceptive, or otherwise questionable marketing practices, and 2) compare the tuitions of the for-profit colleges tested with those of other colleges in the same geographic region.” ([p.1](#))

Findings:

- “Undercover tests at 15 for-profit colleges found that **4 colleges encouraged fraudulent practices and that all 15 made deceptive or otherwise questionable statements** to GAO’s undercover applicants. Four undercover applicants were encouraged by college personnel to **falsify their financial aid forms to qualify for federal aid**—for example, one admissions representative told an applicant to **fraudulently remove \$250,000 in savings**. Other college representatives **exaggerated undercover applicants’ potential salary after graduation** and failed to provide clear information about the college’s program duration, costs, or graduation rate despite federal regulations requiring them to do so.” ([highlights](#))

GAO, For-Profit Colleges: Undercover Testing Finds Colleges Encouraged Fraud and Engaged in Deceptive and Questionable Marketing Practices (Aug. 4, 2010)

Findings: (cont'd)

- “In addition, GAO’s four fictitious prospective students received **numerous, repetitive calls** from for-profit colleges attempting to recruit the students. . . . Once registered, GAO’s prospective students began receiving calls **within 5 minutes**. One fictitious prospective student received **more than 180 phone calls in a month**. Calls were received at all hours of the day, **as late as 11 p.m.**” ([highlights](#))

GAO, Higher Education: Stronger Federal Oversight Needed to Enforce Ban on Incentive Payments to School Recruiters (Oct. 7, 2010)

Goal: To examine “(1) how Education monitors schools for potential violations of the incentive compensation ban, and (2) the extent to which Education has used its authority to enforce the incentive compensation ban.” ([p.2](#))

Findings:

- “Education has processes to monitor schools for potential violations, but its **methods to detect violations and track monitoring activities are limited.**” ([p.2](#))
- “Education has used some of its authority to enforce the incentive compensation ban, but its efforts may be hindered **by its own penalty policies and practices.** . . . Between 1998 and 2009, Education resolved most incentive compensation cases by requiring corrective actions or reaching settlement agreements, and **did not limit, suspend, or terminate any school’s access to federal student aid.**” ([p.3](#))

GAO, For-Profit Colleges: Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges (Oct. 31, 2011)

Goal: To “conduct undercover testing by enrolling in online classes under degree-granting programs.” ([p.1](#))

Findings:

- “GAO **attempted to enroll its students using fictitious evidence of high-school graduation**—either a home-school diploma or a diploma from a closed high school—at all 15 colleges **and successfully enrolled in 12.**” ([highlights](#))
- “GAO’s students engaged in substandard academic performance by using one or more of the following tactics: failure to attend class, failure to submit assignments, submission of objectively incorrect assignments, submission of unresponsive assignments, and plagiarism. . . . **One or more instructors at 2 colleges repeatedly noted that the students were submitting plagiarized work, but no action was taken to remove the student.** One or more instructors at the 4 remaining colleges did not adhere to grading standards. For example, **one student submitted photos of celebrities and political figures in lieu of essay question responses but still earned a passing grade.**” ([highlights](#))

GAO, For-Profit Colleges: Experiences of Undercover Students Enrolled in Online Classes at Selected Colleges (Oct. 31, 2011)

Findings: (cont'd)

- “3 students **did not receive federally mandated exit counseling**, advising students of repayment options and the consequences of default.” ([highlights](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Goal: To investigate “the enormous growth in both the number of students attending for-profit colleges and the Federal student aid investment that taxpayers are making in the colleges.” ([p.1](#))

Findings:

- “Federal taxpayers are investing . . . \$32 billion in the most recent year, in companies that operate for-profit colleges. Yet, **more than half** of the students who enrolled in in those colleges in 2008-9 left without a degree or diploma within a **median of 4 months.**” ([p.1](#))
- “Federal law and regulations currently **do not align the incentives** of for-profit colleges so that the colleges succeed financially when students succeed.” ([p.1-2](#))
- “As a result of high tuition, **students must take on significant student loan debt** to attend school. When students withdraw, . . . they are left with high monthly payments but **without a commensurate increase in earning power** from new training and skills.” ([p.2](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Findings: (cont'd)

- “In 2010, the for-profit colleges examined employed 35,202 recruiters compared with 3,512 career services staff and 12,452 support services staff, **more than two and a half recruiters for each support services employee.**” ([p.2](#))
- “[M]ore than **half a million** students who enrolled in 2008-9 left without a degree or Certificate by mid-2010. Among 2-year Associate degree-seekers, **63 percent** of students departed without a degree.” ([p.2](#))
- “For profit colleges are **rapidly increasing their reliance on taxpayer dollars.** In 2009-10, the sector received \$32 billion, 25 percent of the total Department of Education student aid program funds. . . . Pell grants flowing to for-profit colleges **increased at twice the rate** of the program as a whole, increasing from \$1.1 billion in the 2000-1 school year to \$7.5 billion in the 2009-10 school year.” ([p.3](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Findings: (cont'd)

- “[C]ompanies examined spent \$4.2 billion on marketing and recruiting, or **22.7 percent** of all revenue. Publicly traded companies operating for-profit colleges . . . generated a total of **\$3.2 billion in pre-tax profit** and paid an **average of \$7.3 million to their chief executive officers** in 2009.” ([p.3](#))
- “Committee staff estimates that in 2009 . . . the 15 publicly traded for-profit education companies received **86 percent of revenues from taxpayers.**” ([p.3](#))
- “Associate degree programs averaged **four times the cost of degree programs at comparable community colleges.** . . . Certificate programs similarly averaged **four and a half times the cost** of such programs at comparable community colleges.” ([p.4](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Findings: (cont'd)

- “Internal company documents provide examples of tuition increases being implemented to satisfy company profit goals, that have **little connection to increases in academic and instruction expenses**, and demonstrate that for-profit education companies sometimes train employees **to evade directly answering student questions** about the cost of tuition and fees.” ([p.4](#))
- “[M]any companies used tactics that **misled prospective students** with regard to the cost of the program, the availability and obligations of Federal aid, the time to complete the program, the completion rates of other students, the job placement rate of other students, the transferability of the credit, or the reputation and accreditation of the school.” ([p.5](#))
- “**Ninety-six percent** of for-profit students take out student loans, according to the most recent U.S. Department of Education data. In comparison, 13 percent of students at community colleges, **48 percent** at 4-year public, and **57 percent** at 4-year private non-profit colleges borrow money to pay for school.” ([p.9](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Findings: (cont'd)

- “For-profit schools enroll far more high-dollar borrowers. **Fifty-seven percent** of Bachelor’s students who graduate from a for-profit college owe **\$30,000 or more**. In contrast, 25 percent of those who earned degrees in the private, non-profit sector and 12 percent from the public sector borrowed at this level. . . . [M]any participate in institutional loan programs operated by for-profit education companies.” ([p.9](#))
- “[F]or-profit education companies offered institutional loans with **interest rates ranging from 11.2 to 18 percent**. During this period the Stafford loan rate was 5.6 percent. These same companies listed expected **default rates of 42 to 80 percent**.” ([p.9](#))
- “Some schools increase tuition **in order to create a gap** between the total amount of Federal aid a student can receive and the cost of attending. . . . This gap means that students attending these schools must find **even more financing** by taking out private loans, taking on more debt through a private or institutional loan, or making monthly cash payments, often by credit card, directly to the school to pay for the artificially high cost of the school.” ([p.11](#))

United States Senate Health, Education, Labor and Pensions Committee, *For Profit Higher Education: The Failure to Safeguard the Federal Investment and Ensure Student Success* (Jul. 30, 2012)

Findings: (cont'd)

- “[S]ome for-profit colleges **use forbearance and deferment as tools to move the school’s default rate**, without concern for a students’ particular situation or whether it is in the best financial interest of the individual.” ([p.12](#))

- “[W]hen job placement rates are audited by outside agencies, **problems have repeatedly been found**, and a number of law enforcement investigations over the past 5 years have revealed falsified information in the placement rates of some colleges.” ([p.12](#))

ED IG, Transparency of Proprietary Schools' Financial Statement Data for Federal Student Aid Programmatic Decisionmaking (Jul. 23, 2013)

Goal: To “determine whether the audited financial statements submitted by proprietary schools . . . included information about the schools’ use of Title IV funds to provide the transparency needed for U.S. Department of Education (Department) Federal Student Aid (FSA) officials to make informed decisions about program effectiveness.” ([p.1](#))

Findings:

- “We determined that the audited financial statements that proprietary schools submitted to the Department under 34 C.F.R. § 668.23 **generally did not provide transparent information** because the presentation of instruction and marketing expenses was not consistent across schools. We concluded that the financial information reported by schools is **generally not useful to the Department** for purposes of identifying how schools spent their funds or making meaningful comparisons of financial information across schools participating in the Title IV, Higher Education Act programs.” ([p.1](#))

GAO, Higher Education: Education Should Strengthen Oversight of Schools and Accreditors [Reissued on January 22, 2015]* (Dec. 22, 2014)

Goal: To examine “(1) accreditor sanctions of schools for non-compliance with accreditor standards, (2) how likely accreditors are to sanction schools with weaker student outcome or financial characteristics, and (3) how Education uses accreditor sanction information for oversight.” ([highlights](#))

Findings:

- “[F]rom October 2009 through March 2014, schools with weaker student outcomes were, on average, **no more likely to have been sanctioned by accreditors** than schools with stronger student outcomes.” ([highlights](#))
- “GAO’s analysis raises questions about whether the standards accreditors use ensure that schools provide a quality education, and **whether Education is effectively determining if these standards ensure educational quality.**” ([highlights](#))

**The report specifies, “On January 22, 2015, GAO reissued this report to revise the first sentence of footnote 11, page 49.” The revised footnote reads, “The Council for Higher Education Accreditation is an association of 3,000 colleges and universities that currently recognizes 60 accrediting agencies, ranging from large regional accreditors to small programmatic ones. The Council of Regional Accrediting Commissions is a consortium of regional accreditors.”*

GAO, Higher Education: Education Should Strengthen Oversight of Schools and Accreditors [Reissued on January 22, 2015]* (Dec. 22, 2014)

Findings: (cont'd)

- “Education **does not consistently use accreditor sanction information for oversight.** For instance, Education does not systematically use sanction information to prioritize schools for in-depth review, **as required by law.** In addition, although Education’s 2014 strategic plan calls for better use of data in decision making, the department does not make consistent use of the accreditor sanction information it collects when it decides whether to re-recognize accreditors.” ([p.1](#))

**The report specifies, “On January 22, 2015, GAO reissued this report to revise the first sentence of footnote 11, page 49.” The revised footnote reads, “The Council for Higher Education Accreditation is an association of 3,000 colleges and universities that currently recognizes 60 accrediting agencies, ranging from large regional accreditors to small programmatic ones. The Council of Regional Accrediting Commissions is a consortium of regional accreditors.”*

ED IG, Federal Student Aid's Oversight of Schools' Compliance with the Incentive Compensation Ban (Mar. 24, 2015)

Goal: To “determine whether the office of Federal Student Aid (FSA) of the U.S. Department of Education (Department) (1) sufficiently revised its enforcement procedures and guidance so that they facilitated and did not hinder enforcement actions, (2) adapted and followed its methods to track monitoring activities related to incentive compensation and to detect incentive compensation ban violations, and (3) properly resolved incentive compensation ban findings.” ([p.1](#))

Findings:

- “FSA **did not revise its enforcement procedures and guidance** to ensure that they facilitated and did not hinder enforcement actions after the Department eliminated the incentive compensation safe harbors in 2010. FSA **did not develop procedures and guidance** instructing employees on how they should determine the appropriate enforcement action for incentive compensation violations.” ([p.1](#))

ED IG, Federal Student Aid's Oversight of Schools' Compliance with the Incentive Compensation Ban (Mar. 24, 2015)

Findings: (cont'd)

- "In addition, an internal memorandum, dated October 30, 2002, from the then Deputy Secretary of Education to the Chief Operating Officer for FSA (Hansen Memo) and the internal procedures and guidance that FSA did develop and implement **discouraged FSA employees from using all allowable enforcement actions at FSA's disposal**. As a result, except for one action based in part on incentive compensation, **fines were the only enforcement action that FSA used** to punish violators of the incentive compensation ban." ([p.2](#))
- "However, we reviewed a judgmentally selected sample of 26 FSA program review files and found that **23 of the files contained insufficient evidence to show that institutional review specialists completed all the incentive compensation testing procedures required** by FSA's program review manual. When we discussed incentive compensation testing procedures with the institutional review specialists who conducted 23 of the 26 program reviews, the institutional review specialists responsible for 13 of the 23 program reviews **confirmed that they did not always complete all of the incentive compensation testing procedures** included in FSA's program review manual." ([p.2](#))

ED IG, Federal Student Aid's Oversight of Schools' Compliance with the Incentive Compensation Ban (Mar. 24, 2015)

Findings: (cont'd)

- “FSA **did not properly resolve incentive compensation ban findings**. Institutional review specialists and audit resolution specialists **did not consult with FSA's Administrative Actions and Appeals Service Group (AAASG) regarding final actions** to be initiated to resolve the one program review and four independent public accountant (IPA) audits that identified violations of the incentive compensation ban from July 1, 2011, through September 17, 2013. Additionally, **audit resolution specialists did not determine the merits of each violation by using a preliminary audit determination letter** for findings in the four IPA audit reports.” ([p.2](#))

GAO, Higher Education: Education Should Address Oversight and Communication Gaps in Its Monitoring of the Financial Condition of Schools (Aug. 21, 2017)

Goal: To examine “(1) how Education oversees the financial condition of schools; (2) the extent to which Education’s oversight has been effective at identifying schools at risk of closure; and (3) the extent to which Education informs schools and the public about its oversight of the financial condition of schools.” ([p.2](#))

Findings:

- “The composite score [used by ED to gauge schools’ financial health] has been an **imprecise risk measure, predicting only half of closures** since school year 2010-11” ([highlights](#))

- “GAO identified three key limitations of the composite score:
 - ❑ Accounting changes: It **does not reflect updates in accounting practices**.

 - ❑ Outdated financial measures: It **does not incorporate new financial metrics** that would provide a broader indication of schools’ financial health . . .

 - ❑ Vulnerability to manipulation: It **allows some schools to take advantage** of a feature of the composite score calculation to inflate their scores” ([highlights](#))

GAO, Higher Education: Education Should Address Oversight and Communication Gaps in Its Monitoring of the Financial Condition of Schools (Aug. 21, 2017)

Findings: (cont'd)

- "Despite these limitations, **Education has not updated the composite score since it was first established 20 years ago.**" ([p.1](#))
- "Education **does not fully explain to schools** key aspects of its financial oversight **nor does it disclose complete results to the public.**" ([p.1](#))

ED IG, *Federal Student Aid's Processes for Identifying At-Risk Title IV Schools and Mitigating Potential Harm to Students and Taxpayers* (Feb. 24, 2017)

Goal: To “assess Federal Student Aid’s (FSA) processes for identifying Title IV schools at risk of unplanned closure and mitigating the potential harm to students and taxpayers.” ([p.1](#))

Findings:

- “FSA needs to **improve its processes for reviewing a school’s composite score calculation** and any related composite score appeal made by a school, and implement controls to **prevent schools from manipulating composite scores** to avoid sanctions or increased oversight by FSA.” ([p.7](#))
- “In FYs 2011, 2012, and 2013, Corinthian took out short-term loans of about \$43 million, \$58 million, and \$86 million, respectively. In a May 11, 2015, letter to Corinthian, FSA concluded that **Corinthian only borrowed those funds to increase its composite scores to a passing level in FYs 2011, 2012, and 2013, and thus avoid violating one of its bank’s debt covenants** (a composite score below 1.5 would have constituted a debt covenant violation).” ([p.11](#))

ED IG, U.S. Department of Education's Recognition and Oversight of Accrediting Agencies (Jun. 27, 2018)

Goal: To “assess (1) whether the U.S. Department of Education’s (Department) process for recognizing accrediting agencies ensured that agencies met the Federal recognition criteria and (2) the extent that the Department monitored agencies during the period of recognition.” ([p.1](#))

Findings:

- ED’s Office of Postsecondary Education (OPE) “**does not have adequate controls over the school information** that agencies use as evidence to demonstrate that they have appropriate accreditation standards” ([p.2](#))
- “OPE **does not have written policies and procedures to guide analysts** through the review of agency recognition petitions, which can and has led to **inconsistencies across agency reviews and among OPE analysts**” ([p.2](#))

ED IG, U.S. Department of Education's Recognition and Oversight of Accrediting Agencies (Jun. 27, 2018)

Findings:

- **“OPE’s post-recognition oversight is **not adequate to ensure agencies consistently and effectively carry out their responsibilities.** . . . This could result in no oversight for some agencies, including newly recognized or higher risk agencies, for up to 5 years. In addition, **OPE’s oversight approach may not identify significant agency issues soon enough to mitigate or prevent potential harm to accredited schools, students, or taxpayers.**” ([p.2](#))**

GAO, Higher Education: Opportunities to Strengthen Federal Accountability (Apr. 3, 2019)

Goal: To “address Education’s role in (1) recognizing accrediting agencies, (2) overseeing the financial condition of schools, and (3) overseeing schools’ student loan default rates.” ([p.1](#))

Findings:

- “[S]chools with weaker student outcomes were, on average, **no more likely to be sanctioned by accreditors** than schools with stronger student outcomes, and **Education does not make consistent use of sanction data** that could help it identify insufficient accreditor oversight. In 2014, GAO recommended that Education use accreditor data in its recognition review process **Education agreed with the recommendation, but has yet to use this data** in this manner.” ([highlights](#))

GAO, Higher Education: Opportunities to Strengthen Federal Accountability (Apr. 3, 2019)

Findings: (cont'd)

- “Education uses a financial composite score to measure the financial health of schools . . . the composite score **does not reflect changes in accounting practices and standards, relies on outdated financial measures, and is vulnerable to manipulation.** Despite these limitations, **Education has not updated the composite score since it was first established more than 20 years ago.** In 2017, GAO recommended that Education update its financial composite score. Education has proposed some revisions, but **changes have not yet been implemented to protect students and taxpayers against financial risks.**” ([highlights](#))

GAO, Higher Education: Opportunities to Strengthen Federal Accountability (Apr. 3, 2019)

Findings: (cont'd)

- “GAO previously found that some schools managed these default rates by **hiring consultants that encouraged borrowers with past-due payments to put their loans in forbearance**, an option that allows borrowers to temporarily postpone payments and bring past due loans current. Although Education officials and student loan experts said forbearance is intended to be a short-term option, GAO’s analysis of Education data found that **20 percent of borrowers who began repaying their loans in 2013 had loans in forbearance for 18 months or more**. These borrowers defaulted more often in the fourth year of repayment, when schools are not accountable for defaults, suggesting long term forbearance may have delayed—not prevented—default. In 2018, GAO suggested that Congress consider statutory changes to strengthen schools’ accountability for student loan defaults. Legislation has not yet been enacted.” ([highlights](#))

**Appendix: Relevant Reports from the
Consumer Financial Protection Bureau (CFPB)**

Relevant Reports from the CFPB

- CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 16, 2012), https://files.consumerfinance.gov/f/201210_cfpb_Student-Loan-Ombudsman-Annual-Report.pdf (“[T]he CFPB has handled approximately 2,900 private student loan complaints. . . . The vast majority of the complaints were related to loan servicing and loan modification issues. . . . Eighty-seven percent of all student loan complaints were directed at just seven companies.”).
- Hollister Petraeus and Rohit Chopra, *The Next Front? Student Loan Servicing and the Cost to Our Men and Women in Uniform*, CFPB (Oct. 18, 2012), https://files.consumerfinance.gov/f/201210_cfpb_servicemember-student-loan-servicing.pdf (“Many servicemembers are adopting less favorable repayment plans, which may lead to thousands of dollars in excess debt. . . . Servicemembers may face barriers when requesting and retaining protections afforded by the Servicemembers Civil Relief Act (SCRA).”).

Relevant Reports from the CFPB

- CFPB, *Mid-year update on student loan complaints* (Apr. 2014), https://files.consumerfinance.gov/f/201404_cfpb_midyear-report_private-student-loans-2014.pdf (finding that consumers face “obstacles . . . when seeking to obtain” co-signer release despite the observation that “[m]any private student lenders advertise an option to release a borrower’s co-signer after a certain period of time of on-time payments,” and that borrowers are being placed in ‘auto-defaults’ upon co-signer death and bankruptcy . . .”).
- CFPB, *Supervisory Highlights* (Mar. 2015), https://files.consumerfinance.gov/f/201503_cfpb_supervisory-highlights-winter-2015.pdf (“Examiners found that collection agents overstated the benefits of federal student loan rehabilitation. Specifically, these agents overstated the rehabilitation program’s impact on consumers’ credit report and credit score and the extent to which collection fees would be waived upon completion of the program.”).

Relevant Reports from the CFPB

- CFPB, *Mid-year update on student loan complaints* (Jun. 2015), https://files.consumerfinance.gov/f/201506_cfpb_mid-year-update-on-student-loan-complaints.pdf (finding that private student loan companies are denying co-signer release applications despite advertising the benefit, that “most” student loan contracts include ‘auto-default’ clauses, and that “borrowers are having trouble obtaining accurate payoff statements in order to refinance, as well as experiencing payment processing errors and delays.”).
- Hollister Petraeus and Seth Frotman, *Overseas & Underserved: Student Loan Servicing and the Cost to Our Men and Women in Uniform*, CFPB (Jul. 2015), https://files.consumerfinance.gov/f/201507_cfpb_overseas-underserved-student-loan-servicing-and-the-cost-to-our-men-and-women-in-uniform.pdf (finding that military deferments are being denied without explanation and applied haphazardly, that “[s]ervicers still do not appear to understand the elements of the SCRA,” that “uncertainty” surrounds elements of disability discharge, and that “servicing breakdowns” are present in the student loan market).

Relevant Reports from the CFPB

- CFPB, *Student loan servicing: Analysis of public input and recommendations for reform* (Sep. 2015), https://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf (finding that data gaps exist in student loan servicing, that borrowers report that their servicers “discourage utilization of alternative repayment plans, including income-driven repayment plans,” and that borrowers have “problems” with customer service, payment processing, and servicing transfers).
- CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 2015), https://files.consumerfinance.gov/f/201510_cfpb_annual-report-of-the-cfpb-student-loan-ombudsman.pdf (“[B]orrowers attempt to avoid default during a period of financial hardship, but have difficulty finding information about repayment options, including income-driven repayment plans. This report highlights how economic and other incentives for student loan servicers may encourage servicing practices that contribute to borrower distress . . .”).

Relevant Reports from the CFPB

- CFPB, *Supervisory Highlights* (Oct. 2015), https://files.consumerfinance.gov/f/201510_cfpb_supervisory-highlights.pdf (finding “unfair” payment allocation practices by servicers, “[i]ssues involving payment systems,” [m]isrepresentations regarding dischargeability of student loans in bankruptcy,” “[m]isrepresentations about late fees,” and policies utilized by banks “that were insufficient to meet the obligations imposed by” FCRA and Regulation V).
- CFPB, *Mid-year update on student loan complaints: Income-driven repayment plan application issues* (Aug. 2016), https://files.consumerfinance.gov/f/documents/201608_cfpb_StudentLoanOmbudsmanMidYearReport.pdf (“[B]orrowers encounter obstacles when submitting applications for IDR plans, including poor customer service, unexpected delays, lost paperwork, and inconsistent or inaccurate application processing. . . . With this report, the Bureau has now reported on servicing problems at every step of the IDR lifecycle, as identified by consumers with federal student loans.”).

Relevant Reports from the CFPB

- CFPB, *Semi-annual report of the Consumer Financial Protection Bureau* (Sep. 2016), https://files.consumerfinance.gov/f/documents/122016_cfpb_SemiAnnualReport.pdf (“The most common type of student loan complaint concerned problems consumers confront when they are dealing with lenders or servicers. In particular, consumers continued to struggle when working with their servicers to apply payments and discuss their payment options. With federal student loan servicing complaints, consumers reported issues enrolling in repayment programs that take into account their income.”).
- CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 2016), https://files.consumerfinance.gov/f/documents/102016_cfpb_Transmittal_DFA_1035_Student_Loan_Ombudsman_Report.pdf (“Over the past 12 months, consumers with student loans identified a range of payment processing, billing, customer service, borrower communications, and income-driven repayment (IDR) plan enrollment problems. . . . For five of the largest student loan servicers, borrowers reported a broad range of servicing problems across each company’s operations.”).

Relevant Reports from the CFPB

- CFPB, *Semi-annual report of the Consumer Financial Protection Bureau* (Spring 2017), https://files.consumerfinance.gov/f/documents/201706_cfpb_Semi-Annual-Report.pdf (finding that borrowers complained to CFPB about payment misapplication “[m]ore frequently than other issues,” that servicers may have given distressed borrowers only “information on hardship forbearance or deferment, instead of more potentially beneficial options like income-driven repayment plans,” and that other difficulties were observed in the management of federal IBR).
- CFPB, *Monthly Complaint Report* (Apr. 2017), https://files.consumerfinance.gov/f/documents/201704_cfpb_Monthly-Complaint-Report.pdf (finding that borrowers reported difficulties with their servicers to the Bureau related to getting information on and applying for IBR, completing annual re-certification for IBR, payment misapplication, PSLF qualification, and the furnishing of student loan information to credit bureaus).

Relevant Reports from the CFPB

- CFPB, *Update from the CFPB Student Loan Ombudsman: Transitioning from default to an income-driven repayment plan* (May 16, 2017), https://files.consumerfinance.gov/f/documents/201705_cfpb_Update-from-Student-Loan-Ombudsman-on-Redefaults.pdf (finding that borrowers who rehabilitated defaulted loans largely did not subsequently enter IBR, and that those who did not enter IBR were much more likely to subsequently default again, while those who pursued loan consolidation were much more likely to “begin to repay their debts successfully”).
- CFPB, *Staying on track while giving back: The cost of student loan servicing breakdowns for people serving their communities* (Jun. 2017), https://files.consumerfinance.gov/f/documents/201706_cfpb_PSLF-midyear-report.pdf (finding that the CFPB had a 325% increase in complaints related to student loans in the preceding year; that complaints covered student loan servicers, debt collectors, private student lenders, and companies marketing student loan “debt relief;” and that many complaints continued to concern eligibility for PSLF).

Relevant Reports from the CFPB

- CFPB, *Innovation highlights: Emerging student loan repayment assistance programs* (Aug. 2017), https://files.consumerfinance.gov/f/documents/cfpb_innovation-highlights_emerging-student-loan-repayment-assistance-programs.pdf (“[B]orrowers, third-party repayment assistance program providers, and existing and emerging program administrators describe a range of issues that can reduce program benefits for borrowers, driven in part by inconsistent industry practices, economic disincentives, reliance on outdated technology, and existing policies affecting how student loan servicers accept and process third-party payments. Taken together, if unaddressed, these servicing problems could diminish benefits intended for borrowers and create roadblocks for potentially consumer-friendly developments, especially those that could better support borrowers who struggle the most to repay.”).

Relevant Reports from the CFPB

- Christa Gibbs, *CFPB Data Point: Student Loan Repayment*, CFPB (Aug. 2017), https://files.consumerfinance.gov/f/documents/201708_cfpb_data-point_student-loan-repayment.pdf (finding that the rate of student loan repayment has not changed from 15 years ago holding balances constant, but that “[t]here is a strong relationship between repayment speed and loan amount which has changed overall payoff rates across cohorts;” that the rising age of student loan borrowers has not affected repayment rates; that the rate of repayment has gone up for borrowers making enough to reduce principal; and that the share of borrowers not making enough to reduce principal has risen).
- CFPB, *Annual report of the CFPB Student Loan Ombudsman* (Oct. 16, 2017), <https://www.consumerfinance.gov/data-research/research-reports/annual-report-cfpb-student-loan-ombudsman-2017/> (“[C]onsumers identified a range of payment processing, billing, customer service, borrower communications, and income-driven repayment (IDR) plan enrollment problems. . . . [B]orrowers assigned to the largest student loan servicers may encounter widespread problems, whether these borrowers are trying to get ahead or struggling to keep up with their student debt.”).

Relevant Reports from the CFPB

- CFPB, *50 state snapshot of student debt: A nationwide look at complaints about student loans* (Oct. 2017),
https://files.consumerfinance.gov/f/documents/cfpb_student-loans_50-state-snapshot_complaints.pdf (“This state by-state snapshot shows how this debt is spread across the country. . . . It also breaks down the complaints handled by the CFPB from student loan borrowers in every state.”)