

Congress of the United States

Washington, DC 20515

September 20, 2023

VIA ELECTRONIC TRANSMISSION

The Honorable Gene L. Dodaro
Comptroller General
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Dodaro:

The *Fiscal Responsibility Act of 2023* mandated that the student loan payment pause end on August 30, 2023, and that borrowers return to repaying their federal student loans.¹ Yet, we have received no indication that the Department of Education (Department) is prepared for this historic effort. Therefore, we are asking you to examine the administration's readiness for and implementation of the return to repayment on federal student loans.

Student loan servicers will be responsible for helping millions of borrowers return to repayment, yet it is unclear whether the Department has provided servicers with the necessary guidance and instruction they need to assist borrowers. Historically, the Government Accountability Office (GAO) has found weaknesses in the Department's efforts to provide appropriate guidance and instructions to servicers.²

Additionally, it is unclear whether borrowers will begin repayments when billing statements resume. Given the multiple prior deadlines for the return to repayment and the repeated extensions of the payment pause, it is highly likely there will be confusion among borrowers and many who may not take this repayment deadline seriously. Moreover, the Biden administration has announced a 12-month "on-ramp" period that would allow borrowers to forego payments without the statutory and regulatory consequences for delinquency and default. Although monthly payments will be due and interest will accrue during this period, borrowers will not be reported to credit bureaus, be considered delinquent, or referred to collection agencies for late, missed, or partial payments during this period.³

The administration's repeated mixed messages raise questions about the incentives borrowers have to avoid repayment of their loans and about the costs of these actions to taxpayers. GAO previously found that the COVID-19 payment pause of March 13, 2020, through April 30, 2022, alone increased Direct Loan costs to the federal government by about \$102 billion.⁴

¹ Fiscal Responsibility Act of 2023, Pub. L. No. 118-5.

² GAO, *Public Service Loan Forgiveness: Education Needs to Provide Better Information for the Loan Servicer and Borrowers*, GAO-18-547 (Washington, D.C.: September 5, 2018); GAO, *Federal Student Loans: Key Weaknesses Limit Education's Management of Contractors*, GAO-16-196T (Washington, D.C.: November 18, 2015).

³ U.S. Dep't of Education, FACT SHEET: President Biden Announces New Actions to Provide Debt Relief and Support for Student Loan Borrower (June 30, 2023), <https://www.ed.gov/news/press-releases/fact-sheet-president-biden-announces-new-actions-provide-debt-relief-and-support-student-loan-borrowers>

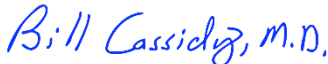
⁴ See GAO estimate, GAO, *Student Loans: Education Has Increased Federal Cost Estimates of Direct Loans by Billions due to Programmatic and Other Changes*, GAO-22-105365 (Washington, D.C.: July 28, 2022).


Given the importance of ensuring a smooth return to repayment, we respectfully request that GAO examine the following questions:

1. To what extent has the Department provided guidance and instructions to loan servicers to prepare them to implement return to repayment?
2. What is the percentage and total number of borrowers who are in a non-payment status because they are still in school?
3. What is the percentage and total number of borrowers who are in a non-payment status because they are waiting for loan discharge/cancellation?
4. What is the percentage and total number of borrowers who are in a non-payment status because they are in a deferment?
5. What is the percentage and total number of borrowers who are in a non-payment status because they are in forbearance?
6. To what extent are borrowers paying any amount of funds above \$0 toward their loan interest or principal?
7. To what extent has the Department provided guidance and instructions to servicers to implement and promote the 12-month “on-ramp”?
8. What is the percentage as well as the total number of borrowers participating in the 12-month “on-ramp”?
9. To what extent has the Department provided guidance and instructions to institutions of higher education and/or the financial aid community regarding the SAVE Income Driven Repayment (IDR) plan?
10. What is the percentage and total number of borrowers using the SAVE IDR plan who are not providing consent to use their federal tax information to calculate their income and family size for the purpose of determining their monthly payments?

Thank you for considering this request. We would appreciate it if you could start this project as soon as possible given its urgent nature now that interest has started to accrue on September 1 and loan payments will resume in October. Please contact Patrick Fox of Ranking Member Cassidy’s staff at patrick_fox@help.senate.gov and Gabriella Pistone of Chairman Foxx’s staff at gabriella.pistone@mail.house.gov with any questions.

Sincerely,


Bill Cassidy
Ranking Member
Senate Committee on Health, Education,
Labor, and Pensions


Virginia Foxx
Chairwoman
House Committee on Education
and the Workforce