

Congress of the United States

Washington, D.C. 20515

January 12, 2022

The Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Ave SW
Washington, D.C. 20202

Dear Secretary Cardona:

Over the past several months, the House and Senate have sent several letters requesting documents pertaining to reports assessing the true cost of the federal student loan portfolio. We continue to be disappointed with your agency's lack of transparency and cooperation.

When you appeared before the Committee on Education and Labor (Ed and Labor), you testified that you stand behind the Education Department's (Department) report. Yet, when Chief Operating Officer (COO) of Federal Student Aid (FSA) Richard Cordray appeared before Ed and Labor later, he testified he was happy to brief the members on why the Administration believes that report was inaccurate. Finally, months after our initial request, the Department scheduled a briefing. During the briefing, the Department indicated it had not even seen the complete set of reports, and therefore was unable to tell us why it disagrees. The Department also did not provide all reports related to the student loan portfolio valuation, contradicting Under Secretary James Kvaal's pledge to do so during his November testimony. It is inexcusable to treat the taxpayer investment in this program with such little respect. Further, having hard working career employees brief congressional staff without the facts demonstrates both a lack of respect for their work and also a lack of leadership at the highest levels.

With respect to the briefing, although your agency's apparent goal was to brief its way through the scheduled hour without providing responsive answers to Congress' requests, we do appreciate the Department finally taking the time to talk with us. However, the months long delay in scheduling the briefing is unacceptable. Both during your confirmation hearing and before the Ed and Labor Committee, you promised to cooperate with all oversight requests. The Department's actions so far demonstrate a failure to meet that promise. We are hopeful you will instruct your staff to be more forthcoming and timely in the Department's responses going forward.

At the briefing, your agency claimed to have not “found” or “seen” some of the reports the briefers acknowledged existed. That is confounding. When asked what the Department staff meant when they said they did not know what the reports contained, they said that in fact they have not been able to locate them yet. When asked if they had asked the contractors for the reports, the reply was “no.” Mr. Secretary, again, this is either blatant obfuscation of the facts or complete incompetence on the part of your leadership team. Our staff has spoken with some of the contractors and cannot get simple explanations of their work. The only assumption we can make is that your agency has refused to grant the contractors permission to speak with us about that work. If you stand by the reports as you testified, then all the documents should be provided to us and the contractors should be free to discuss them. If you disagree with the reports, as Mr. Cordray seems to believe, then you should make the reports and contractors available to discuss that and examine the problems in their methodology. If your staff has not seen the reports, then they should ask the contractors for the reports so we can have a robust conversation about the true cost of the loan portfolio.

Secretary Cardona, we are reiterating our requests for all documents, follow-up reports, validating reports, reviews of the reports, and all other work conducted by FI Consulting, Deloitte, and FSA on the valuation of the federal loan portfolio. We have copied our original request for these documents here:

1. All reports and other documents prepared and delivered related to the Department’s contracts with FI Consulting to help Department and Federal Student Aid (FSA) in estimating the economic value of FSA’s Direct Loan and the FFEL portfolio using multiple scenarios and assumptions, the development of new forecasting models, and other program management support.
2. The internal and external validation of the reports of the deliverables from FI Consulting.
3. Any other contracts, agreements, or other partnership arrangements with any outside entity to examine the credit risk and value of the loan portfolio, validate any financial review of the loan portfolio, create a new model to assess the value of the loan portfolio, or to assist FSA in managing the student loan portfolio.
4. Any communication between the Office of the Under Secretary and Office of the Secretary and Federal Student Aid, including communication that includes Ben Miller, Mark Brown, Richard Cordray, or Julie Morgan related to the credit risk of the student loan portfolio, the valuation of the student loan portfolio, financial modeling of the student loan portfolio, or other policy related to the student loan portfolio.
5. Any Department memos or reports authored by FSA relating to the report analyzing the credit risk and valuation of the federal student loan portfolio, the distribution of such report, or the completion of such work.

6. The organization chart for FSA, including all documentation and communication relating to changes made from the structure and staffing under COO Mark Brown to COO Richard Cordray. Please include when those decisions were made and the rationale related to those changes.
7. Any communications between FSA and the Consumer Financial Protection Bureau related to the federal student loan portfolio between January 2021 to present.

Additionally, we would like you to grant permission to all contractors to speak with us regarding the loan portfolio at our convenience without any caveats from the agency.

Within one week of receipt of this letter, please provide a schedule of disclosure of the requested documents. Please contact Mandy Schaumburg (mandy.schaumburg@mail.house.gov) with the Ed and Labor staff to discuss such schedule and any questions you may have.

Sincerely,



Virginia Foxx
Ranking Member
U.S. House Committee on Education
and Labor



Richard Burr
Ranking Member
U.S. Senate Committee on Health, Education,
Labor and Pensions



James Comer
Ranking Member
U.S. House Committee on Oversight and
Reform



Mike Braun
Ranking Member
U.S. Senate Subcommittee on Employment and
Workplace Safety