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July 23, 2021

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

Dear Secretary Cardona:

On June 9, 2021, the Office of Federal Student Aid's (FSA) Chief Operating Officer, Mr. Richard Cordray, wrote a letter to all federally contracted student loan servicers to notify them about a final six-month extension of their existing contracts, but noted that it was the "last action FSA will take under [his] leadership that qualifies as 'business as usual'." Since that letter, two federal student loan servicers—the Pennsylvania Higher Education Assistance Agency (PHEAA) and, most recently, the New Hampshire Higher Education Assistance Foundation Network (NHHEAF)—announced they will not solicit a renewal of their servicing contracts with the U.S. Department of Education (Department).<sup>1</sup>

There are now nearly 10 million borrowers who, following an 18 month pause, will return to repayment status with a new servicer. Since your Department is responsible for overseeing this systemic shift for student loan borrowers, you owe these individuals a transparent plan to ensure a smooth transition. Yet, Congress, taxpayers, and student loan borrowers are still sitting in the dark. Indeed, NHHEAF cited the increasing uncertainty around the student loan program as the reason for its exit. If "business as usual" was not sufficient, the new normal is unacceptable.

On July 12, 2021, we sent a letter requesting additional information by July 16 with respect to PHEAA's announcement to end its loan servicing operations.<sup>2</sup> We have yet to receive a response and this issue has only become more pressing. As such, in addition to the questions posed in that letter, we request answers to the following questions within two weeks of receipt of this letter:

<sup>1</sup> <https://www.insidehighered.com/quicktakes/2021/07/21/another-student-loan-servicer-drop-federal-contract>

<sup>2</sup> <https://republicans-edlabor.house.gov/news/documentsingle.aspx?DocumentID=407615>

- What are PHEAA and NHHEAF borrowers being told about the future of their loans given these announcements? If they have not been notified, when will this process begin?
- Once again, are you aware of any other student loan servicers that plan to reject a contract extension offered by the Department?
- What concerns have servicers shared with the Department regarding their servicing contracts?
- What steps is the Department taking to rectify these concerns and ensure millions of more borrowers are not thrown into uncertainty over how to repay their loans?
- What is the Department's plan if additional contractors exit federal student loan servicing?

Please contact Chance Russell ([chance.russell@mail.house.gov](mailto:chance.russell@mail.house.gov)) of the Committee staff should you have any questions about the request. We look forward to your timely reply on this critical issue.

Sincerely,



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