The Honorable Kathleen L. Kraninger  
Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Dear Director Kraninger,

We write to request that the Consumer Financial Protection Bureau (CFPB) immediately open an enforcement investigation into the Pennsylvania Higher Education Assistance Agency’s (PHEAA) mismanagement of the Public Service Loan Forgiveness (PSLF) program, and the resulting harm to tens of thousands of public service workers and their families.

Congress established the PSLF program in 2007 to encourage individuals to work as teachers, nurses, firefighters, servicemembers, and in other public service positions. Under the program, the federal government agrees to forgive the balance of public service workers’ federal student loans after they make ten years of qualifying loan payments. In 2012, the Department of Education awarded PHEAA the exclusive contract to manage the PSLF program.

For several years now, government watchdogs have repeatedly found that PHEAA’s missteps, errors, and mismanagement of the PSLF program caused public service workers to be denied the loan forgiveness that they had earned. In 2017, the CFPB Student Loan Ombudsman’s report found that public service workers had been denied for loan forgiveness because of PHEAA’s “flawed payment processing, botched paperwork and inaccurate information.”1 A 2018 Government Accountability Office (GAO) report found that public service workers had improperly been denied loan forgiveness because of PHEAA’s inability to properly account for qualifying payments and reliance on inaccurate information.2 And in 2019, the Department of Education’s Inspector General found that PHEAA had a “pattern of noncompliance” and was among the worst performing federal student loan servicers.3

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In 2018, in response to “high denial rates . . . and evidence that some borrowers were misinformed by [PHEAA] about which repayment plans would qualify for PSLF,” Congress authorized a temporary expansion of the eligibility requirements for PSLF. According to a GAO report released last month, only 661 out of 53,523 applications were approved for loan forgiveness under the expanded PSLF program. In total, only 1,216 out of 102,051 PSLF applications have been approved for loan forgiveness.

Under your leadership, the CFPB has failed to ensure that PHEAA makes good on the promise of loan forgiveness. Since 2017, the CFPB has refused to exercise its authority to conduct supervisory examinations of PHEAA’s servicing practices and its management of the PSLF program. We have repeatedly pressed the CFPB to conduct this critical oversight, but you have provided nothing but excuses for the CFPB’s inaction.

Tens of thousands of dedicated public service workers and their families are paying the price for PHEAA’s incompetence and the CFPB’s failure to act. These women and men have served their communities for years, and relied on the government’s promise of loan forgiveness to make important life decisions about where to work, when to start a family, and when to buy their first home. They deserve better.

There is already overwhelming evidence—including in reports by the CFPB, GAO, and Department of Education Inspector General—that PHEAA’s mismanagement of the PSLF

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8 You explained that the CFPB had not been able to conduct complete examinations of PHEAA and other federal student loan servicers because the servicers stopped sharing information based on direction from the Department of Education. See Apr. 23, 2019 letter from K. Kraninger to Ranking Member Brown, on file with Senate Committee on Banking, Housing, and Urban Affairs. That is no excuse for the CFPB to abandon the examination process. The CFPB could have sought a court order requiring the Department of Education to grant access to this information so that it can conduct examination of federal student loan servicers, just as it did in its litigation against the student loan servicer Navient. See Oct. 9, 2019 letter from Ranking Member Brown and Ranking Member Murray to Robert Cameron, CFPB Student Loan Ombudsman, available at https://www.banking.senate.gov/newsroom/minority/brown-and-murray-lay-out-expectations-for-new-cfpb-student-loan-ombudsman.
program has resulted in widespread violations of federal law. At this point, the time has passed for the CFPB to examine PHEAA’s servicing practices for potential violations of law. Public service workers and their families need immediate protection from ongoing harm. We therefore ask that the CFPB do its job and immediately open an enforcement investigation into PHEAA’s servicing practices, management of the PSLF program, and other potential violations of federal consumer financial laws.

We ask for a response to this request no later than November 11, 2019. Thank you for your attention to this important matter.

Sincerely,

SHERROD BROWN
United States Senator

ROBERT MENENDEZ
United States Senator

MARK R. WARNER
United States Senator

BRIAN SCHATZ
United States Senator

JACK REED
United States Senator

JON TESTER
United States Senator

ELIZABETH WARREN
United States Senator

CHRIS VAN HOLLEN
United States Senator

Catherine Cortez Masto
United States Senator

Doug Jones
United States Senator

Tina Smith
United States Senator

Kyrsten Sinema
United States Senator

Sheldon Whitehouse
United States Senator

Jacky Rosen
United States Senator

Amy Klobuchar
United States Senator

Richard Blumenthal
United States Senator

Richard J. Durbin
United States Senator

Tim Kaine
United States Senator

Kamala D. Harris
United States Senator

Bernard Sanders
United States Senator