

March 18, 2024

Scott Giles
Chief Executive Officer
Higher Education Loan Authority of the State of Missouri (MOHELA)
633 Spirit Drive
Chesterfield, Missouri 63005-1243

Dear Mr. Giles:

I invite you to appear before the United States Senate Committee on Banking, Housing, and Urban Affairs' Subcommittee on Economic Policy to testify at a hearing entitled "MOHELA's Performance as a Student Loan Servicer." The hearing is scheduled to take place at 2:30pm on Wednesday, April 10, 2024.

This hearing will examine the performance of the Higher Education Loan Authority of the State of Missouri (MOHELA) as a student loan servicer, with a focus on student loan borrowers' experience with return to repayment and the Public Service Loan Forgiveness (PSLF) program.

MOHELA is one of the nation's largest student loan servicers, securing contracts worth billions of dollars from the Department of Education (ED) to provide student loan servicing.¹ In July 2022, you also became the exclusive servicer for PSLF borrowers after student loan servicer Pennsylvania Higher Education Assistance Agency (PHEAA) exited the federal student loan system – meaning that millions of nurses, teachers, firefighters, service members, and other public servants rely on you to manage their loans and access PSLF debt relief.² As of January 31, 2024, you service over eight million federal borrower accounts, a number that will only grow with your recent agreement to service \$60 billion in Federal Family Education Loans and private loans owned by Navient.³

Your company has contributed to student loan borrowers' difficulties by mishandling borrowers' return to repayment following the COVID-19 pandemic-related pause on payments, interest, and

¹ System for Award Management, "Legacy Loan Servicing Contract – MOHELA," <https://sam.gov/opp/d9e44d6034ed4edbb0880b0bceb3bd42/view#award>.

² MOHELA, "Investor Presentation," February 2024, p. 11,

<https://www.mohela.com/DL/common/publicinfo/investorInformation.aspx?idx=2709>; The Washington Post, "One of the nation's largest student loan servicers plans to cut ties with the Education Department," Danielle Douglas-Gabriel, July 8, 2021, <https://www.washingtonpost.com/education/2021/07/08/pheaa-ending-federal-student-loan-servicing/>.

³ MOHELA, "Investor Presentation," February 2024, pp. 7, 13,

<https://www.mohela.com/DL/common/publicinfo/investorInformation.aspx?idx=2709>.

collections and by impeding public servants' access to PSLF relief.⁴ Last October, ED withheld \$7.2 million in payments to MOHELA because you failed to send out timely billing statements to 2.5 million borrowers.⁵ In addition, because MOHELA used outdated guidelines to calculate payments, several hundreds of thousands of borrowers received miscalculated monthly payment amounts from your company during the return to repayment.⁶ A recent report found further mismanagement of your student loan portfolio. According to the report, MOHELA failed to perform basic servicing functions for PSLF borrowers, leading to a backlog of approximately 800,000 forms from public service workers trying to receive credit towards student debt relief.⁷ Your company also allegedly implemented a “call deflection” scheme in which borrowers were diverted from customer service representatives—oftentimes to non-operative parts of the MOHELA website—even though many servicing functions can only be performed by a customer service representative.⁸ According to this recent report, more than 40 percent of student loan borrowers in repayment with loans that you service, including many public servants, have experienced a servicing failure since the return to repayment began in September 2023.⁹

Your testimony will provide you with an opportunity to offer context on MOHELA's role as a student loan servicer at a time of significant transition for the federal student loan program.¹⁰ As part of your testimony, please provide the Committee with your assessment of the borrower experience during return to repayment, your management of the PSLF program, and your performance as a student loan servicer. In April 2021, the Chief Executive Officers of federal student loan servicers Navient and PHEAA provided testimony on similar topics before the Subcommittee on Economic Policy.¹¹

⁴ The New York Times, “More Than 400,000 Student Loan Borrowers Had Wrong Monthly Payments,” Tara Siegel Bernard, October 16, 2023, <https://www.nytimes.com/2023/10/16/your-money/student-loans-save-mistakes.html>; The Washington Post, “Student loan servicer MOHELA sued, accused of mismanaging forgiveness,” Danielle Douglas-Gabriel, December 12, 2023, <https://www.washingtonpost.com/education/2023/12/12/mohela-lawsuit-public-service-loan-forgiveness/>; Federal Student Aid, “Prepare for Student Loan Payments To Restart,” <https://studentaid.gov/manage-loans/repayment/prepare-payments-restart>.

⁵ U.S. Department of Education, “U.S. Department of Education Announces Withholding of Payment to Student Loan Servicer as Part of Accountability Measures for Harmed Borrowers,” press release, October 30, 2023, <https://www.ed.gov/news/press-releases/us-department-education-announces-withholding-payment-student-loan-servicer-part-accountability-measures-harmed-borrowers>.

⁶ The New York Times, “More Than 400,000 Student Loan Borrowers Had Wrong Monthly Payments,” Tara Siegel Bernard, October 16, 2023, <https://www.nytimes.com/2023/10/16/your-money/student-loans-save-mistakes.html>.

⁷ Student Borrower Protection Center, “Student Loan Giant Caught Deploying “Call Deflection” Scheme, Jeopardizing Relief for Millions,” February 2024, p. 15, https://www.mohelapapers.org/_files/ugd/588c1d_3a7d1b423b2b44a7a9844942002471f5.pdf.

⁸ *Id.*, pp. 5-6.

⁹ *Id.*, pp. 15-19.

¹⁰ Business Insider, “Are you one of nearly 16 million student loan borrowers whose student loan servicer will shut down at the end of the year? Here's what to do.,” Ryan Wangman, September 29, 2021,

<https://www.businessinsider.com/personal-finance/what-to-do-if-your-student-loan-servicer-shut-down-2021-7>; Federal Student Aid, “What do I need to know about the limited PSLF waiver?,”

<https://studentaid.gov/help-center/answers/article/learn-about-pslf-waiver>; Federal Student Aid, “Prepare for Student Loan Payments To Restart,” <https://studentaid.gov/manage-loans/repayment/prepare-payments-restart>.

¹¹ U.S. Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Economic Policy, “The Student Debt Burden and Its Impact on Racial Justice, Borrowers, & The Economy,” April 13, 2021, <https://www.banking.senate.gov/hearings/the-student-debt-burden-and-its-impact-on-racial-justice-borrowers-and-the-economy>.

If you have any questions regarding this hearing, please do not hesitate to contact Jessica Wong at Jessica_Wong@warren.senate.gov. Thank you in advance for your cooperation.

Sincerely,



Elizabeth Warren
United States Senator