

United States Senate  
WASHINGTON, DC 20510

May 16, 2019

The Honorable Patrick Shanahan  
Acting Secretary of Defense  
U.S. Department of Defense  
1000 Defense Pentagon  
Washington, D.C. 20301-1000

Re: Docket ID: DOD-2019-OS-0038, Notice of a Modified System of Records.

Dear Acting Secretary Shanahan:

We write to express strong support for U.S. Department of Defense's (DOD or "the Department") proposed modification of the system of records, Defense Manpower Data Center Database, by amending Routine Use 15 regarding disclosures to the U.S. Department of Education (ED) to accommodate disclosures for a new computer matching agreement with ED. We encourage DOD and ED to move as quickly as possible to establish this matching agreement so that eligible military student loan borrowers can immediately receive the benefits due to them under the law. We further encourage ED and DOD to work together in order to apply this benefit retroactively and swiftly to all eligible military borrowers who should have received it, but did not.

Section 455(o) of the Higher Education Act of 1965 exempts eligible military borrowers from paying any interest on their Title IV federal student loans for the length of time served in "an area of hostilities" that qualifies such military borrowers for special pay under sections 310 or 351(a) of Title 37, including imminent danger pay or hostile fire pay.<sup>1</sup> In 2008, Congress created this important provision to ensure that active duty military borrowers would not have to worry about interest charges accruing on their federal student loans while serving our country in hostile environments.

Despite this benefit, the United States Senate Committee on Armed Services noted in its *National Defense Authorization Act for Fiscal Year 2018* (NDAA FY2018) Committee Report that, "[u]nfortunately, since 2008, eligible service members have avoidably overpaid \$100 million dollars in federal student loan interest payments due to a lack of communication between the Department of Education, Department of Defense, Department of Veterans Affairs, and federal student loan servicers."<sup>2</sup> The Consumer Financial Protection Bureau has also estimated

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<sup>1</sup> 20 U.S.C. 1087e(o).

<sup>2</sup> S. Rept. 115-125.

that only about 600 servicemembers had obtained this benefit since Congress created it, despite the fact that as many as 250,000 borrowers may have been eligible.<sup>3</sup>

In its NDAA FY2018 Committee Report, the Senate Armed Services Committee directed “the Secretary of Defense, in coordination with the Secretary of Education (including its student loan servicers), and the Secretary of Veterans Affairs, to make every practical effort to automate the application of student loan benefits available to eligible servicemembers using information in existing federal databases at the Departments of Education and Defense in a timely manner so service members can receive the benefits due under the law.”<sup>4</sup>

Congress reiterated this directive in the *Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Bill for Fiscal Year 2018* Senate Committee Report. The United States Senate Committee on Appropriations noted, “too many veterans and servicemembers eligible for certain student loan benefits have not taken advantage of these benefits due to a lack of communication between the Departments of Education, Defense, and Veterans Affairs, and Federal student loan servicers.”<sup>5</sup> As a result, the Committee directed “the Secretary of Education to enter into a Memorandum of Understanding with the Secretaries of Defense and Veterans Affairs to automate the application of loan benefits to eligible servicemembers and veterans using information in existing Federal databases in a timely manner so that servicemembers and veterans can receive the benefits due under law.”<sup>6</sup>

The new matching agreement proposed between DOD and ED complies with these Congressional directives and will ensure that servicemembers who receive imminent danger pay or hostile fire pay benefits and who have federal student loans receive the no interest accrual benefit on their eligible loans during the period of time they receive such special pay. We strongly support this matching agreement, and we deeply appreciate the Department for taking steps to establish this agreement with ED. We request that the DOD also work with ED and any other relevant federal agencies to comply with the Congressional directive to act “in a timely manner” so that servicemembers and veterans can immediately receive their benefits.<sup>7</sup>

Finally, we urge DOD and ED to work together to ensure that eligible military borrowers who previously made unnecessary interest payments receive retroactive refunds for such payments. Thousands of eligible military borrowers potentially paid interest to the federal government that they never owed. The new matching agreement should allow all eligible servicemembers and veterans—including those who were formerly eligible—to automatically receive refunds for any interest amounts that they paid to the federal government, but never owed. This proposed matching agreement should eliminate the need for eligible servicemembers and veterans to complete any unnecessary or bureaucratic paperwork or applications to receive these refunds, and it is essential that ED and DOD not require such action by military borrowers.

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<sup>3</sup>Prepared Remarks of Seth Frotman, Deputy Assistant Director and Student Loan Ombudsman, Consumer Financial Protection Bureau. November 3, 2015. <http://static.politico.com/26/7d/516bee864088891f9aef8a406f58/prepared-remarks-of-seth-frotman.pdf>.

<sup>4</sup> S. Rept. 115-125.

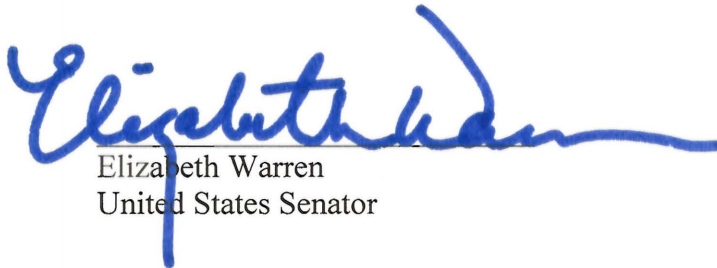
<sup>5</sup> S. Rept. 115-150.

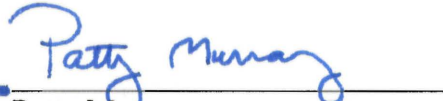
<sup>6</sup> *Ibid.*


<sup>7</sup> *Ibid.*


Student loan indebtedness can adversely affect the readiness of our military personnel, which is why your work to establish this matching agreement is critical. We look forward to working with you to ensure this agreement best serves military borrowers. Thank you for your consideration of this comment, and we look forward to your response.

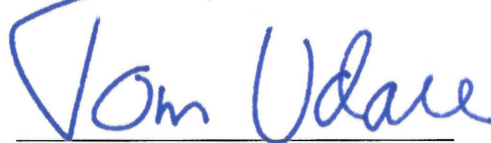
Sincerely,

  
Elizabeth Warren  
United States Senator

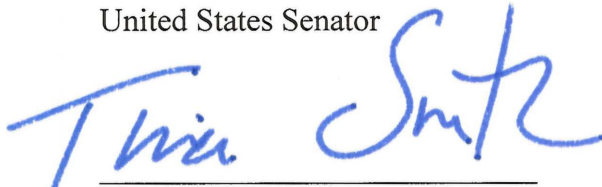
  
Patty Murray  
United States Senator

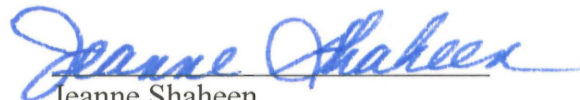
  
Margaret Wood Hassan  
United States Senator

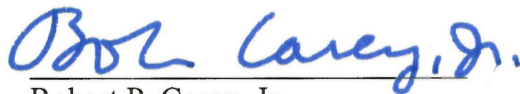
  
Bernard Sanders  
United States Senator

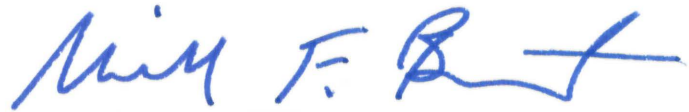
  
Tom Udall  
United States Senator

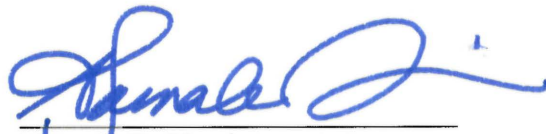
  
Edward J. Markey  
United States Senator


  
Tina Smith  
United States Senator

  
Jeanne Shaheen  
United States Senator

  
Robert P. Casey, Jr.  
United States Senator

  
Michael F. Bennet  
United States Senator

  
Kamala D. Harris  
United States Senator

  
Doug Jones  
United States Senator



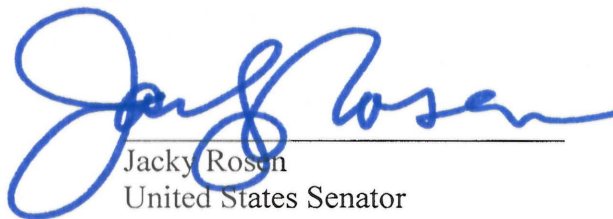
Richard Blumenthal  
United States Senator



Kirsten Gillibrand  
United States Senator



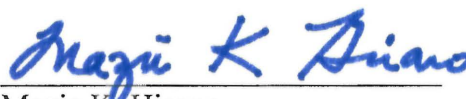
Tammy Duckworth  
United States Senator



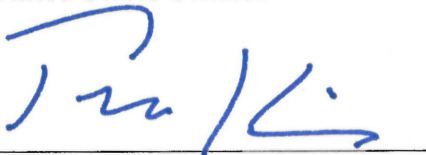
Jacky Rosen  
United States Senator



Tammy Baldwin  
United States Senator



Mazie K. Hirono  
United States Senator



Tim Kaine  
United States Senator

CC: The Honorable Betsy DeVos, Secretary of Education, U.S. Department of Education