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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

LAURA SWANSON, STAFF DIRECTOR
BRAD GRANTZ, REPUBLICAN STAFF DIRECTOR

March 29, 2021

John F. Remondi
Chief Executive Officer
Navient Corporation
123 Justison Street
Wilmington, Delaware 19801

Dear Mr. Remondi:

I invite you to appear before the Committee on Banking, Housing, and Urban Affairs' Subcommittee on Economic Policy to testify at a hearing entitled "The Student Debt Burden and Its Impact on Racial Justice, Borrowers, & the Economy." The hearing is scheduled to take place virtually at 2:30 p.m. on Tuesday, April 13, 2021.

This hearing will examine the impact of the growing student debt crisis on borrowers, the racial wealth gap, and the economy at large, as well as how our current student loan system is failing to protect borrowers and provide relief.

You and other student loan servicers have the ability to offer a unique perspective on this crisis. Navient is one of the nation's largest student loan servicers, and since 2014 has obtained contracts worth hundreds of millions of dollars from the Education Department to provide student loan servicing.¹ At present, you service federal loans for 5.6 million borrowers and hold over \$58 billion in federally guaranteed Federal Family Education Loan Program (FFELP) loans.² Your company has also been a contributor to the problem, with a decade-long history of allegations of abusive and misleading practices aimed at student loan borrowers.

Between 2009 and 2019, there were at least ten incidents where Navient (or its corporate predecessor Sallie Mae) has been accused of or fined for actions that ripped off borrowers. The company paid millions in fines for improper marketing of student loans; a series of Inspector General reports revealed a host of problems, from overcharging the federal government over \$20 million in costs (funds that Navient delayed paying for years until receiving a court order in

¹ Navient Corporation Form 10-K filing for fiscal year ended December 31, 2020, <https://navientcorporation.gcs-web.com/static-files/04239643-b5c1-46d4-9049-01804f4fecc0>; U.S. Department of Education contract with Navient, effective September 1, 2014, https://studentaid.gov/sites/default/files/ED-FSA-09-D-0014_MOD_0072_PHEAA.pdf. Navient is paid \$2.85 per loan in active repayment per month, for up to \$191.5 million per year.

² Navient Corporation Form 10-K filing for fiscal year ended December 31, 2020, <https://navientcorporation.gcs-web.com/static-files/04239643-b5c1-46d4-9049-01804f4fecc0>.


February 2021),³ to failing to inform borrowers of their rights.⁴ The Department of Justice (DOJ) and Federal Deposit Insurance Corporation (FDIC) fined Navient for violating the Servicemembers Civil Relief Act, 29 state Attorneys General alleged that Navient violated state consumer protection laws, and numerous other reviews and lawsuits have identified evidence of wrongdoing.⁵

In addition, a still-ongoing Consumer Financial Protection Bureau lawsuit unearthed evidence that appeared to indicate that Navient misused the forbearance process and systematically steered thousands of borrowers who were having difficulty paying their loans into plans that were worse for the borrowers – but more profitable for Navient.⁶

Your testimony will provide you with an opportunity to offer context on the burden of student loans on borrowers and the economy, and on the problems created for borrowers due to the long record of abusive and misleading behavior by student loan servicers like Navient. As part of your testimony, please provide the Committee with your assessment of the impact of student loans on the borrowers you service, their ability to repay those loans, the role of loan servicers like Navient, and the ability of the Education Department to effectively oversee the activities of borrowers and loan servicers.

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

Sincerely,


Senator Elizabeth Warren
Chair
Subcommittee on Economic Policy

³New York Times, “Navient, a student loan company, is ordered to repay \$22 million to the government,” February 1, 2021.

⁴ Letter from Elizabeth Warren to The Honorable Betsy Devos, Secretary of Education, October 11, 2019, <https://www.warren.senate.gov/imo/media/doc/2019.10.11%20Letter%20to%20ED%20re%20Navient%20contract.pdf>.

⁵ *Id.*

⁶ *Id.*