

# United States Senate

March 15, 2024

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

Dear Mr. Giles,

Our offices have been deluged with complaints from constituents with loans serviced by your organization, the Higher Education Loan Authority of the State of Missouri (MOHELA). Many of these complaints about inaccurate loan account information and MOHELA's customer service practices were described in a November 7, 2023 letter that several of us sent to you.<sup>1</sup> Now, a report from the Student Borrower Protection Center and the American Federation of Teachers corroborates those complaints, detailing MOHELA's ongoing customer service and loan servicing failures that have impacted at least 3.5 million borrowers.<sup>2</sup> MOHELA has consistently failed borrowers and must immediately act to remedy the harm that has resulted from their egregiously unacceptable business practices.

The new report—the “MOHELA Papers”— details MOHELA's servicing failures. Chief among them is MOHELA's “call deflection” strategy, in which it intentionally directed borrowers *away* from customer service representatives. Many types of important loan services, such as resolving disputes and issuing refunds, require interaction with a customer service representative. But according to the report, MOHELA routed borrowers to their website, which had periods of “login issues” that barred borrower access.<sup>3</sup> This “byzantine loop of misinformation and false promises” meant that borrowers could never reach a customer service representative and were deprived of information that could have saved them hundreds, or even thousands, of dollars on their loans.<sup>4</sup>

The report also demonstrates MOHELA's failure as the sole servicer for the Public Service Loan Forgiveness (PSLF) program. The PSLF program promises debt relief to borrowers who serve in public service for ten years while paying back their loans. MOHELA allowed the backlog of unprocessed PSLF program forms to grow from 250,000 in July 2022 to more than one million by January 2023. According to the most recently available data, the backlog remains

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<sup>1</sup> Press Release, Senator Edward J. Markey, *Markey, Warren, Van Hollen, Blumenthal Blast Student Loan Servicer MOHELA Following Repeated Billing Mistakes, Failure to Inform 2.5 Million Borrowers of Payment Deadline*, (Nov. 7, 2023), <https://www.markey.senate.gov/news/press-releases/markey>.

<sup>2</sup> Student Borrower Protection Center & the American Federation of Teachers, *The MOHELA Papers: The Rise of a Student Loan Servicing Giant and the Fall of the Student Loan System* at 6, (Feb. 28, 2024), [https://www.mohelapapers.org/\\_files/ugd/588c1d\\_3a7d1b423b2b44a7a9844942002471f5.pdf](https://www.mohelapapers.org/_files/ugd/588c1d_3a7d1b423b2b44a7a9844942002471f5.pdf).

<sup>3</sup> *Id.* at 28-29.

<sup>4</sup> *Id.* at 5.

at 800,000 unprocessed forms.<sup>5</sup> Among this backlog are forms that allow public service workers who have fulfilled their commitment to the PSLF program to have their debt forgiven. MOHELA has left PSLF borrowers—including teachers, nurses, non-profit workers, and the like—stranded and confused as they seek loan forgiveness. Each day that MOHELA fails to redress their failure, borrowers with outstanding debt may face financial anxiety and difficulty in the credit market, including higher mortgage rates and an inability to secure other loans.<sup>6</sup>

The report presents systemic problems at the root of MOHELA's failures. In October 2023, the Department of Education withheld \$7.2 million in payment to MOHELA for failing to send timely invoices to up to 2.5 million borrowers, which resulted in more than 800,000 borrowers falling into delinquency.<sup>7</sup> This created vast confusion for borrowers, some of whom tried to opt out of auto-debit or forbearance, which could ultimately lead borrowers to pay more in interest. This failure was not unanticipated. As the report details, in the fourteen months prior to October 2023, the Consumer Financial Protection Bureau received almost 3,000 complaints about MOHELA's failure to provide accurate information and its incorrect handling of payments.<sup>8</sup> Borrowers have been crying out for change, and MOHELA has failed to respond.

As the MOHELA Papers makes clear, this is more than neglect. MOHELA has engaged in a pattern of actively confusing and misleading the borrowers who rely on its services. Borrowers deserve better than the incompetence and callousness they have been forced to navigate. To help us better understand how MOHELA plans to fix its broken customer and loan servicing system, please respond in writing to the following questions by April 1, 2024:

1. Please describe MOHELA's plan to reform its "call deflection" scheme so that borrowers who wish to speak to a customer service representative can do so without delay.
2. Please describe the role that senior leadership at MOHELA played in developing its "call deflection" scheme, including how this scheme was approved prior to the restart of payments.
3. Please describe how MOHELA plans to address the backlog of 800,000 unprocessed Public Service Loan Forgiveness forms. What is the timeline for MOHELA to process this backlog?

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<sup>5</sup> *Id.* at 15.

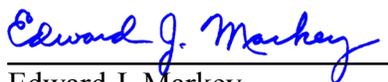
<sup>6</sup> *Id.* at 17.

<sup>7</sup> Press Release U.S. Dep' of Education, *U.S. Department of Education Announces Withholding of Payment to Student Loan Servicer as Part of Accountability Measures for Harmed Borrowers* (Oct. 30, 2023), <https://www.ed.gov/news/press-releases/us-department-education-announces-withholding-payment-student-loan-servicer-part-accountability-measures-harmed-borrowers>.

<sup>8</sup> *The MOHELA Papers*, supra note 2, at 12, [https://www.mohelapapers.org/\\_files/ugd/588c1d\\_3a7d1b423b2b44a7a9844942002471f5.pdf](https://www.mohelapapers.org/_files/ugd/588c1d_3a7d1b423b2b44a7a9844942002471f5.pdf).

4. Since 2022, how many unique borrowers have experienced an error in their loan servicing, including but not limited to errors calculating monthly payments; delays or failures in payment notifications; and incorrect PSLF determinations?
5. Since 2022, how many unique borrowers received PSLF denials? Please provide a breakdown of why those borrowers were denied. Please provide the number of borrowers that submitted PSLF reconsideration applications and the number of borrowers that were approved for such reconsideration.
6. The report suggests that MOHELA has a financial incentive for making improper denials, as it is paid twice—when it denies and then approves a borrower. How does MOHELA plan to address this apparent conflict of interest and ensure that decisions are made in the best interest of borrowers rather than financial gain?
7. With evidence indicating miscalculated payment amounts, what steps is MOHELA taking to review and correct payment calculations to ensure borrowers are charged accurately and not faced with unexpected financial burdens?
8. The report highlights instances where MOHELA lost borrowers' payments, refunds, and records. How does MOHELA plan to address these documented cases and implement safeguards to prevent future losses or mismanagement of borrower information?
9. According to the report, MOHELA has misinformed borrowers about their options. How does MOHELA intend to improve communication with borrowers to ensure accurate and comprehensive information is provided regarding their loan status and available programs?

Sincerely,



Edward J. Markey  
United States Senator



Richard Blumenthal  
United States Senator



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Kirsten Gillibrand  
United States Senator



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Bernard Sanders  
United States Senator



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Chris Van Hollen  
United States Senator



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Elizabeth Warren  
United States Senator



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Charles E. Schumer  
United States Senator



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Peter Welch  
United States Senator