



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

January 4, 2018

The Honorable Patty Murray  
Ranking Member, Committee on Health, Education, Labor and Pensions  
United States Senate  
Washington, D.C. 20510

Dear Ranking Member Murray:

Thank you for your letter of December 21, 2017, requesting additional information on our recent report titled *Federal Student Aid's Borrower Defense to Repayment Loan Discharge Process*. Attached you will find our answers to your questions. As we shared with your staff, we cannot provide the documents that you requested as they are not Office of Inspector General documents. We shared your request with Molly Petersen, Legislative Director of the U.S. Department of Education Office of Legislation and Congressional Affairs, on January 2, 2018, as the Department would be responsible for responding to your request.

If you have any questions or if you need any additional information, please do not hesitate to contact me directly at (202) 245-6900 or have a member of your staff contact our Congressional Liaison, Catherine Grant, at (202) 245-7023.

Sincerely,

Kathleen S. Tighe  
Inspector General

cc: The Honorable Lamar Alexander, Chairman, Committee on Health, Education, Labor,  
and Pensions, United States Senate  
The Honorable Betsy DeVos, Secretary, U.S. Department of Education

**U.S. Department of Education Office of Inspector General (OIG)**  
**Response to Ranking Member Murray, Senate Health, Education, Labor and Pensions**  
**Committee Regarding OIG Report Titled,**  
***"Federal Student Aid's Borrower Defense to Repayment Loan Discharge Process"***  
**January 4, 2018**

1. What additional outcome data for the processing of borrower defense claims did Federal Student Aid (FSA) provide to your office on October 26, 2017, as noted in footnote 5?

*OIG Response: FSA's Business Operations provided an updated "Review Ready Spreadsheet" as of October 10, 2017. The spreadsheet specifies the general status of each claim as approved, pending, or ready for review. As noted in our report, we did not analyze this spreadsheet.*

2. The report indicates that FSA's Borrower Defense Unit (BDU) reduced contractor staffing by more than two-thirds from November 2016 to September 2017. Did FSA provide a rationale for this decrease in staff, even as the number of claims mounted?

*OIG Response: FSA's BDU did not provide a specific rationale for the decrease in staff.*

3. With regard to the category of borrower defense claims related to ITT guaranteed employment misrepresentation noted on page 10, did FSA maintain legal memoranda or other documentation for these findings that indicate to how many potential borrowers and states such claims would apply?

*OIG Response: FSA's BDU maintained one legal memorandum related to misrepresentations of ITT guaranteed employment. The memorandum applies only to only the California locations but does not indicate the number of potential borrowers. FSA's BDU did not provide documentation for ITT guaranteed employment misrepresentation claims that indicated the number of potential borrowers or the states where they were located.*

4. According to your analysis of unique claims that did not fall within one of BDU's seven established categories, "[a]s of January 20, 2017, BDU had identified additional categories of claims warranting further research." According to FSA, how many additional categories of claims had BDU identified?

*OIG Response: FSA's BDU stated that with respect to Corinthian schools, it had started research and analysis for five additional categories. With respect to schools other than Corinthian, FSA was in the processes of gathering and reviewing evidence.*

5. The report notes on page 16 that the further research into additional categories of claims was "placed on hold." According to FSA, why was this research stopped?

*OIG Response: FSA's BDU stated that in early 2017, the Enforcement Unit was instructed not to continue developing new memoranda on additional categories of claims at the direction of the Acting Under Secretary and the Review Panel.*

6. The report on page 21 notes that as of September 2017, FSA was testing a claims management tool. Did FSA indicate when development of this tool commenced and when it is expected to be operational?

*OIG Response: FSA's BDU did not provide definitive information on when the development of the claims management tool commenced or when it is expected to be fully operational. The tool was in development when we began our review.*

7. Which political appointees from the Obama Administration that were involved in writing, or received, the legal memorandums referenced in the report did you interview for this report, respectively?

*OIG Response: The objectives of our review were to (1) determine FSA's policies and procedures over its Federal student loan borrower defense loan discharge process, (2) determine the documentation FSA maintains to support its borrower defense loan discharge decisions, and (3) determine the outcomes of FSA's borrower defense loan discharge proceedings. We did not interview political appointees from the previous administration because it was not necessary to achieve the objectives of our review. The objectives of our review did not include reviewing the development of the legal memoranda or the decisions made in the memoranda.*