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COMMITTEE ON
EDUCATION AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
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WASHINGTON, DC 20515-6100

February 27, 2023

Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Cardona:

We write to express our grave concerns about the failure of the Department of Education ("Department") to provide sufficient evidence for its independent auditor, KPMG LLP ("KPMG"), to form an audit opinion on the Department's Fiscal Year (FY) 2022 consolidated financial statements.¹ This is yet another example of this administration's lack of transparency when it comes to wasteful spending of taxpayer dollars. The American people deserve better.

Your Department's "evidence" underlying the cost estimates for its massive student loan debt relief plan² fell woefully short of common auditing standards.³ As KPMG's Disclaimer of Opinion notes, the Department's internal controls "were not properly designed . . . to address the relevance and reliability of the . . . data used to develop the [loan] take-up rate assumption used in the various loan program estimates."⁴ Further, the Department did not have "sufficiently precise controls over the relevance and reliability of . . . data used in other key assumptions for [its] . . . model to develop [its] . . . cost estimates."⁵ As such, there is a high risk that the Department's financial statements are "materially misstated."⁶

Despite the statements of its independent auditor, the Department only "partially concur[red] with the material weakness" and stated it will "implement appropriate action"⁷ to improve its

¹ KPMG LLP, *Independent Auditors' Report*, FY2022 Agency Financial Report, U.S. Department of Education (January 23, 2023) at 106.

² See <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.

³ KPMG LLP, *supra* note 1, at 106.

⁴ *Id.* at 110 (Exhibit A, A-1).

⁵ *Id.*

⁶ *Id.*

⁷ *Id.* at 117 (Exhibit C, C-1).

Student Loan Model process, “including its methodology for assessing take-up rates.”⁸ No details about the “appropriate action” the Department anticipates taking were provided. The same is true of the Department’s assertion that it will “assess the efficacy of controls in place” and “make appropriate changes *as needed*.”⁹ The loopholes in the Department’s responses, as well as their vagueness, raise substantial questions about the Department’s intentions.

Given your Department’s track record of hiding the costs of the Direct Loan and Federal Family Education Loan programs, we are greatly concerned about the lack of a sufficient evidentiary basis for the cost estimates of the President’s illegal debt relief plan. To provide clarity to Congress and the American people regarding your Department’s cost estimates and the weaknesses of your internal controls, please respond in writing to the following questions and provide the following documents requested (instructions attached) no later than 14 calendar days after receipt of this letter:

1. All documents provided to KPMG associated with the Department’s cost estimates for its student debt relief plan.
2. All documents provided to KPMG associated with the Department’s internal controls over the relevance and reliability of underlying data to make cost estimates.
3. With specificity, cite the statements in the Independent Auditors’ Report related to the “material weakness” with which the Department partially and fully, respectively, concurs. With respect to statements with which the Department only partially concurs, please describe why the Department does not fully concur.
4. With specificity, cite the statements in the Independent Auditors’ Report with which the Department does not at least partially concur, and describe the reasons for the non-concurrence.
5. All communications and correspondence, including but not limited to electronic mail (“email”), email attachments, texts, letters, memoranda, and other documentation and virtual meeting recordings of or between any of the following Department officials (during the period January 20, 2021, through the date the search for the records is conducted) involving assumptions and/or cost estimates for the Biden administration’s student loan debt relief plan:¹⁰
 - A. Secretary of Education Miguel Cardona
 - B. Under Secretary James Kvaal
 - C. Deputy Secretary Cindy Marten
 - D. Federal Student Aid Chief Operating Officer Richard Cordray
 - E. Deputy Under Secretary and Chief Economist Jordan Matsudaira

⁸ *Id.* at 118 (Exhibit C, C-2).

⁹ *Id.* (emphasis added).

¹⁰ See <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>.

- F. Acting Assistant Secretary for the Office of Finance and Operations and Delegated to Perform the Functions and Duties of the Chief Financial Officer
Denise L. Carter
- G. Assistant Secretary for the Office of Postsecondary Education Nasser Paydar
- H. Director of Budget Service Larry Kean
- I. Chief of Staff Sheila Nix
- J. Deputy Chief of Staff for Policy and Programs Scott Sargard
- K. Deputy Chief of Staff Donna Harris-Aikens
- L. Delegated the Authority to Perform the Functions and Duties of the Assistant Secretary, Office of Communications and Outreach, Kelly Leon

We look forward to your timely response to these requests.

Sincerely,



Virginia Foxx
Chairwoman
U.S. House Committee on
Education & the Workforce



Lloyd Smucker
Member of Congress

Enclosure