



MAJORITY MEMBERS:

VIRGINIA FOXX, NORTH CAROLINA,  
*Chairwoman*

JOE WILSON, SOUTH CAROLINA  
GLENN THOMPSON, PENNSYLVANIA  
TIM WALBERG, MICHIGAN  
GLENN GROTHMAN, WISCONSIN  
ELISE M. STEFANIK, NEW YORK  
RICK W. ALLEN, GEORGIA  
JIM BANKS, INDIANA  
JAMES COMER, KENTUCKY  
LLOYD SMUCKER, PENNSYLVANIA  
BURGESS OWENS, UTAH  
BOB GOOD, VIRGINIA  
LISA C. MCCLAIN, MICHIGAN  
MARY E. MILLER, ILLINOIS  
MICHELLE STEEL, CALIFORNIA  
RON ESTES, KANSAS  
JULIA LETLOW, LOUISIANA  
KEVIN KILEY, CALIFORNIA  
AARON BEAN, FLORIDA  
ERIC BURLISON, MISSOURI  
NATHANIEL MORAN, TEXAS  
JOHN JAMES, MICHIGAN  
LORI CHAVEZ-DEREMER, OREGON  
BRANDON WILLIAMS, NEW YORK  
ERIN HOUCHEIN, INDIANA

MINORITY MEMBERS:

ROBERT C. "BOBBY" SCOTT, VIRGINIA,  
*Ranking Member*

RAÚL M. GRIJALVA, ARIZONA  
JOE COURTNEY, CONNECTICUT  
GREGORIO KILILI GAMACHO SABLÁN,  
NORTHERN MARIANA ISLANDS  
FREDERICA S. WILSON, FLORIDA  
SUZANNE BONAMICI, OREGON  
MARK TAKANO, CALIFORNIA  
ALMA S. ADAMS, NORTH CAROLINA  
MARK DESAULNIER, CALIFORNIA  
DONALD NORCROSS, NEW JERSEY  
PRAMILA JAYAPAL, WASHINGTON  
SUSAN WILD, PENNSYLVANIA  
LUCY MCBATH, GEORGIA  
JAHANA HAYES, CONNECTICUT  
ILHAN OMAR, MINNESOTA  
HALEY M. STEVENS, MICHIGAN  
TERESA LEGER FERNÁNDEZ,  
NEW MEXICO  
KATHY E. MANNING, NORTH CAROLINA  
FRANK J. MRVAN, INDIANA  
JAMAAL BOWMAN, NW YORK

COMMITTEE ON  
EDUCATION AND THE WORKFORCE  
U.S. HOUSE OF REPRESENTATIVES  
2176 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6100

July 3, 2023

The Honorable James Kvaal  
Under Secretary  
U.S. Department of Education  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202

Dear Under Secretary Kvaal:

Despite executing a "False Statements Certification" wherein you acknowledged that providing materially false information to a committee or subcommittee is a crime, and despite the reminder from Chairman Owens at the beginning of the hearing of your responsibility to provide accurate information,<sup>1</sup> your answers to my questions at the Subcommittee on Higher Education and Workforce Development hearing on May 24, 2023,<sup>2</sup> may include false statements.

In our exchange, I recounted how the Committee requested from the Department of Education (Department), on multiple occasions beginning April 30, 2021, all student loan portfolio valuation reports, internal and external validations, and related documents prepared or conducted by FI Consulting showing the student loan program was nearly half a trillion dollars in the red before the Biden administration took office.<sup>3</sup> You unequivocally stated three times that the Department had provided an unredacted final copy of the final valuation report prepared by FI Consulting, in spite of

---

<sup>1</sup> Truth in Testimony Disclosure, False Statements Certification of Under Sec'y James Kvaal (May 18, 2023) (on file with the H. Comm. On Educ. and the Workforce); see 18 U.S.C. § 1001; *Breaking the System Part II: Examining the Implications of Biden's Student Loan Policies for Students and Taxpayers Before the H. Subcomm. on Higher Educ. and Workforce Development, Comm. on Educ. and the Workforce*, 118<sup>th</sup> Congress 8 (2023) (statement of Burgess Owens, Chairman of the H. Subcomm. on Higher Educ. and Workforce Development, Comm. on Educ. and the Workforce).

<sup>2</sup> *Breaking the System Part II: Examining the Implications of Biden's Student Loan Policies for Students and Taxpayers Before the H. Subcomm. on Higher Educ. and Workforce Development, Comm. on Educ. and the Workforce*, 118<sup>th</sup> Congress (2023).

<sup>3</sup> *Breaking the System Part II: Examining the Implications of Biden's Student Policies for Students and Taxpayers: Before the H. Subcomm. on Higher Educ. and Workforce Development, Comm. on Educ. and the Workforce*, 118<sup>th</sup> Cong. 54 (2023) (statement of Virginia Foxx, Chairwoman of the Comm. on Educ. and the Workforce); see joint letter from then-Ranking Member Virginia Foxx, H. Comm. on Educ. and Labor and then-Ranking Member Mike Bost, H. Comm. on Veterans Affairs to Hon. Miguel Cardona, U.S. Sec'y of Educ. (Apr. 30, 2021).

The Honorable Miguel Cardona

June 29, 2023

Page 2 of 6

my repeated insistence that your statements were inaccurate. Let me be crystal clear: I have never received the final unredacted copy of the report and its accompanying documents, contrary to your assertions on May 24.<sup>4</sup>

By way of context on my repeated efforts to receive the report, my joint letter of April 30, 2021, with then Ranking Member Mike Bost of the U.S. House Committee on Veterans Affairs requested Secretary of Education Cardona to “immediately publicly release the report commissioned by former Secretary DeVos referenced in the Wall Street Journal article and provide a copy to us no later than May 5, 2021.”<sup>5</sup>

Thereafter, I again wrote to Secretary Cardona on June 2, 2021, expressing my desire to understand the true impact of the price tag of the federal student loan portfolio and stated that I “remain[ed] disappointed in the lack of transparency [of the Department] relating to the report . . . [that I, and Ranking Member Bost of the Committee on Veterans Affairs,] requested in our April 30, 2021, letter.”<sup>6</sup> In my letter of June 2, 2021, I proceeded to request several additional reports, validation studies, contracts, agreements, partnership agreements, communications, memos, plans, organizational charts, and other information related to the valuation of the student loan portfolio by FI Consulting.<sup>7</sup>

On October 26, 2021, you wrote to me on behalf of Secretary Cardona in response to my April 30, 2021 letter referenced above.<sup>8</sup> In the October 26 letter, you contended the Department “had previously provided a copy of the report,” referring to it as “the report commissioned by former Education Secretary Betsy DeVos on budgetary projections and student loan debt.”<sup>9</sup> You further stated “the report had been prepared by – and the redactions were applied by – the prior administration” and that the Department “would be happy to schedule a briefing to discuss the Department’s official model.”<sup>10</sup>

Next, at an October 27, 2021 hearing of the Subcommittee, I recounted the history of my requests associated with the valuation report, and I again asked the Department, specifically Chief Operating Officer Richard Cordray of the Office of Federal Student Aid, to provide me an unredacted copy of the report, noting that Secretary Cardona had earlier committed at a June 24, 2021 Committee

---

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

<sup>5</sup> See joint letter from then-Ranking Member Virginia Foxx, H. Comm. on Educ. and Labor and then-Ranking Member Mike Bost, H. Comm. on Veterans Affairs to Hon. Miguel Cardona, U.S. Sec’y of Educ. (Apr. 30, 2021).

<sup>6</sup> Letter from then-Ranking Member Virginia Foxx, H. Comm. on Educ. and Labor to Hon. Miguel Cardona, U.S. Sec’y of Educ. (June 2, 2021).

<sup>7</sup> *Id.*

<sup>8</sup> Letter from Under Sec’y James Kvaal, U.S. Dep’t of Educ. to then-Ranking Member Virginia Foxx, H. Comm. on Educ. and Labor (Oct. 26, 2021).

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

hearing to share what the Department had in its possession.<sup>11</sup> Mr. Cordray did not directly answer my question but instead obfuscated, contending the Department had released the redacted report.<sup>12</sup> At the conclusion of my question-and-answer exchange, Mr. Cordray agreed to have the Department provide a briefing on the issues in the report.<sup>13</sup>

Thereafter, at a November 17, 2021 joint hearing of the Subcommittee on Higher Education and Workforce Investment and Subcommittee on Early Childhood, Elementary, and Secondary Education, you testified unequivocally that the Department is “finally willing to release the unredacted copy of the student loan value report” and that the Subcommittees would receive a copy of “FSA’s report, as well as other accompanying reports and relevant documents within the next month.”<sup>14</sup>

Almost two months passed, and neither I nor my colleagues had received the report or relevant documents. Accordingly, on January 12, 2022, I—along with then-Ranking Member Richard Burr of the U.S. Senate Committee on Health, Education, Labor and Pensions, Ranking Member James Comer of the U.S. House Committee on Oversight and Reform, and Ranking Member Mike Braun of the Subcommittee on Employment and Workplace Safety of the U.S. Senate Committee on Health, Education, Labor and Pensions—transmitted to Secretary Cardona a letter recounting how the Department failed to provide “all reports related to the student loan portfolio valuation,” thereby directly contradicting your pledge of November 17, 2021 to the two Subcommittees.<sup>15</sup> The letter further recounted the Department’s earlier evasive and nonresponsive oral briefing about the report, noting the Department “claimed to have not ‘found’ or ‘seen’ some of the reports the briefers acknowledged existed;”<sup>16</sup> that, “[w]hen asked what the Department staff meant when they said they did not know what the reports contained, [Department staff] said that in fact they have not been able to locate them yet;”<sup>17</sup> and that, “[w]hen asked if [Department staff] had asked the contractors for the reports, the reply was ‘no.’”<sup>18</sup> We concluded our joint letter of January 12, 2022, by reiterating our request for all documents.<sup>19</sup>

---

<sup>11</sup> *Examining the Policies and Priorities of the Office of Federal Student Aid*: Before the H. Subcomm. on Higher Educ. and Workforce Investment, 117<sup>th</sup> Congress 25, 26 (2021) (statement of Virginia Foxx, then-Ranking Member of the H. Comm. on Educ. and Labor).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Examining the Implementation of COVID-19 Education Funds*: Before a Joint H. Subcomm. on Higher Educ. and Workforce Investment and Early Childhood, Elementary and Secondary Educ., 117<sup>th</sup> Cong. 45 (2021) (statement of James Kvaal, Under Sec’y, U.S. Dep’t of Educ.).

<sup>15</sup> Joint letter from then-Ranking Member Virginia Foxx, H. Comm. on Educ. and Labor, then-Ranking Member Richard Burr, S. Comm. on Health, Educ., Labor and Pensions, then-Ranking Member James Comer, H. Comm. on Oversight and Reform, and then-Ranking Member Mike Braun, Subcomm. on Employment and Workplace Safety, S. Comm. on Health, Educ., Labor and Pensions to Hon. Miguel Cardona, U.S. Sec’y of Educ. (Jan. 12, 2022).

<sup>16</sup> *Id.* at 2.

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

<sup>18</sup> *Id.*

<sup>19</sup> *Id.* at 2, 3.

Finally, I note that in my question-and-answer exchange with you at our May 24, 2023, hearing of the Subcommittee, I recounted the long history of my efforts to obtain all documents related to the valuation of the student loan portfolio, including unredacted reports.<sup>20</sup> Your answers were inaccurate, and though you failed to provide the unredacted reports and related documents to me, the Department did provide them to an outside organization.<sup>21</sup> I find that lack of responsiveness to Congress patently offensive, particularly in light of the Department's responsiveness to other parties.

As stated previously, I have never received the final unredacted copy of the report and its accompanying documents, contrary to your assertions on May 24.<sup>22</sup>

The three documents I received from the Department are:

<b><u>Document</u></b>	<b><u>To</u></b>	<b><u>From</u></b>	<b><u>Description</u></b>
Solicitation/Contract/Order for Commercial Items, Contract No. GS-00F-346CA, Order Number 91003119F0008 (27 pages)	FI Consulting, Andrew Eastman (contractor)	Karen Mahon, contracting officer at FSA	\$439,500 contract to assist FSA with portfolio evaluation to estimate the economic value of FSA's Direct Loan and FFEL Portfolios.
Preliminary Analysis - Direct Loan Portfolio Credit Quality and Valuation slides, redacted, May 6, 2019 (109 pages)	FSA	FI Consulting, Andrew Eastman (contractor)	Contractor's analysis consisting of PowerPoint slides of FSA Direct Loan Portfolio.  Estimates the Portfolio's value to be between

---

<sup>20</sup> Foxx and Kvaal, *supra*, note 3 at 54-55.

<sup>21</sup> Foxx and Kvaal, *supra*, note 3 at 55-56; see Documents Regarding Communications Between the Dep't and the Biden-Harris Transition Team (Jan. 25, 2021), <https://www.defendstudents.org/foia/other>.

<sup>22</sup> Kvaal, *supra*, note 3 at 55-57.

<b><u>Document</u></b>	<b><u>To</u></b>	<b><u>From</u></b>	<b><u>Description</u></b>
(cont.) Preliminary Analysis - Direct Loan Portfolio Credit Quality and Valuation slides, redacted, May 6, 2019 (109 pages)	(cont.) FSA	(cont.) FI Consulting, Andrew Eastman (contractor)	(cont.) \$987 billion and \$1.116 trillion on a credit reform basis, finding that between \$428 billion and \$568 billion of the current outstanding balance will be either forgiven or not collected, and finding that 42 percent of current borrower loans are considered “distressed loans” based on commercial credit standards.
Memo to the Government Accountability Office (GAO) of Dec. 2, 2021 (3 pages)	GAO	Under Secretary James Kvaal	Memo summarizing FI Consulting’s findings and soliciting feedback and engagement from GAO.

Accordingly, provide to me no later than two weeks after the date of this letter full and complete responses to all my earlier requests (instructions enclosed) to you. Please be advised I stand ready to take further action should it be necessary.

The Honorable Miguel Cardona

June 29, 2023

Page 6 of 6

I look forward to hearing from you.

Sincerely,



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

Enclosure