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AND THE WORKFORCE

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November 4, 2016

The Honorable Gene L. Dodaro
Comptroller General of the United States
Government Accountability Office
441 G Street, NW
Washington, D.C. 20548

Dear Mr. Dodaro:

Following the collapse of Corinthian Colleges, Inc. (CCI) the U.S. Department of Education (the Department) developed a process to provide relief to borrowers who had amassed student loan debt while students of that institution. The Department's process allowed borrowers to apply to have their loan debt forgiven if the school they attended engaged in any act or omission that would give rise to a cause of action against the school under applicable state law.

In 2015, the Department appointed a Special Master to oversee outreach to borrowers who may have had a valid claim under its process as a result of the collapse of CCI. To date, the Department has discharged nearly 4,000 loans valued at \$73 million.¹ The Special Master transferred its responsibility to the Department's Office of Federal Student Aid's new Enforcement Office in July, 2016.

Another school, ITT Technical Institute recently shut down and former students may also be eligible for debt relief. The costs to forgive the student loans of these individuals could reach almost \$500 million.²

In addition, the Department has released final regulations, effective July 2017, that set a new permanent process for borrowers to assert a defense against repayment of their student debt. The Department estimates the new regulations could lead to the discharge of \$42 billion in student loans over the next 10 years. To ensure taxpayers are protected against abuse and fraudulent

¹ <https://www2.ed.gov/documents/press-releases/report-special-master-borrower-defense-4.pdf>

² <http://www2.ed.gov/news/av/audio/2016/09062016.pdf>

The Honorable Gene L. Dodaro

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claims through the borrower defense provisions as currently exist after the closure of CCI and ITT, the Committee requests that GAO determine the following:

1. What criteria and process is the Department using to evaluate and resolve student debt relief claims?
2. To what extent does the Department's process for evaluating and resolving debt relief claims include adequate protections to identify and address improper claims?
3. To what extent are private companies encouraging student loan borrowers to file improper debt relief claims and how is the Department responding to this practice?

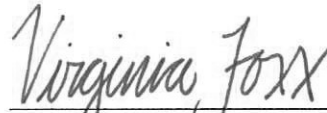
If you have any questions regarding this request, please contact Emmanuel Guillory (emmanuel.guillory@mail.house.gov) or Clint Raine (clint.raine@mail.house.gov) with the Committee at 202-225-6558.

Sincerely,



JOHN KLINE
Chairman

Committee on Education and the Workforce



VIRGINIA FOXX
Chairwoman
Subcommittee on Higher Education and
Workforce Training