



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

July 7, 2017

Honorable Richard J. Durbin
United States Senate
Washington, DC 20510

Dear Senator Durbin:

Thank you for your May 17, 2017, letter requesting an update on the Department of Education's processing of borrower defense claims. Identical responses have been sent to the cosigners of your letter.

Your letter was referred to my office, and I am pleased to provide the following responses to your specific questions. Please note that all data provided is accurate as of July 7, 2017.

Question 1: How many borrower defense claims are currently pending review, decision, or adjudication by any Department official in total and disaggregated by state?

Response: A total of 65,169 claims are currently pending review, decision, or adjudication. State-level data is provided in Enclosure 1.

Question 1a: How many pending claims are from students who attended Corinthian or ITT, respectively, disaggregated by state?

Response: There are 45,092 pending claims associated with students who attended Corinthian and 7,186 pending claims associated with students who attended ITT. State-level data is provided in Enclosure 1.

Question 1b: After Corinthian and ITT, what are the next three largest sources of borrower defense claims, disaggregated by institution?

Response: The next three largest sources of borrower defense claims are associated with Education Management Corporation (EDMC), with 2,175 claims; DeVry University, with 1,872 claims; and Apollo Group (University of Phoenix), with 1,306 claims.

Question 1c: How many borrowers who have a pending borrower defense application have had their forbearance expire?

Response: Forbearances have expired for fewer than 50 borrowers; these are exceptions, as there is a process in place to extend forbearance if the claim has not been decided.

Question 1d: How many borrowers who have a pending borrower defense application will have their forbearance expire within the next six months?

Response: A process is in place to extend any forbearances prior to expiration if a borrower's claim has not been adjudicated. Over the next six months approximately 31,000 borrowers could have their forbearances extended if their applications are still pending.

Question 1e: What is the total dollar value of accumulated interest and fees for borrowers whose claims are pending?

Response: Outstanding interest for borrowers with pending claims totals approximately \$143.2 million. This includes all unpaid interest on all outstanding loans (some of which may have accrued prior to submission of the claim). Previously paid or capitalized interest is not included.

Question 2: How many borrower defense claims has the Department received on or after January 20, 2017, disaggregated by state?

Response: The Department has received 14,949 borrower defense claims since January 20, 2017. State-level data is provided in Enclosure 2.

Question 2a: How many of those claims received are from students who attended Corinthian or ITT, respectively, disaggregated by state?

Response: There are 6,243 pending claims received since January 20, 2017, that are associated with students who attended Corinthian; 3,141 that are associated with students who attended ITT; and 5,565 that are associated with students who attended other schools. State-level data is provided in Enclosure 2.

Question 3: How many total borrower defense applications has the Department approved between January 20, 2017, and today? What is the total dollar amount of relief?

Question 3a: How many of the approved borrower defense claims during this time period are from students who attended Corinthian or ITT, respectively, disaggregated by state?

Response: No borrower defense applications have been approved between January 20, 2017, and today.

Question 4: Of the borrowers whose borrower defense claims were approved (as designated by an e-mail from Federal Student Aid) but who had not yet received a discharge or full refund on or before January 19, 2017, how many have since received a discharge or full refund posted to their accounts?

Question 4a: How many attended Corinthian, ITT, or ACI, respectively, disaggregated by state?

Response: 11,052 of those borrowers have received a discharge. 9,744 borrowers attended Corinthian, and 1,308 borrowers attended ACI.

Question 4b: What is the total dollar value of accumulated interest and fees for borrowers whose applications have not yet received their previously-approved discharge or refund, if any?

Response: Outstanding interest for borrowers whose claims are approved but not yet discharged or refunded is approximately \$6.8 million. This includes all unpaid interest on all of the borrower's loans (some of which may have accrued prior to submission of the claim). Previously paid or capitalized interest is not included.

Question 5: Please indicate which institutions and programs have borrowers with approved claims that are eligible for or have been granted:

- a. Full refund of amounts paid: or**
- b. Discharge of loan balances outstanding.**

Response: The following institutions and programs have borrowers with approved claims:

Corinthian – Direct Loans, Federal Family Education Loans (FFEL), Perkins Loans
ACI – Direct Loans
ITT – Direct Loans and FFEL

Question 6: Do any Department staff, including employees of Federal Student Aid, still maintain a regular report to a senior official or officials on the status of pending or adjudicated borrower defense claims?

Question 6a: If so, please provide a copy of the reports issued since January 20, 2017.

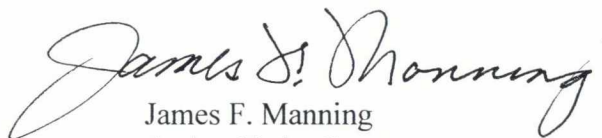
Response: While FSA is in the process of establishing reports including borrower defense information, there are currently no regularly produced reports provided to senior officials. Information is provided upon request. Most recently the following information was provided in relation to overall claim volume: As of 7/7/17, there were 96,944 claims received. Of this total, 31,773 borrower claims were approved; 26,372 of the approved claims have been completed and the remaining 5,401 are in progress. In addition, 2 claims have been denied. There are 65,169 claims pending decision with 45,092 from CCI, 7,186 from ITT, and 12,891 from other schools.

Question 6b: If the reports are no longer being provided to any official, please indicate why the decision to halt these reports was made.

Response: No recurring reports are being provided pending the review of the borrower defense process by the new Administration.

Thank you for your interest in helping us make sure our federal student loan programs operate in the best interests of students and taxpayers. I hope you find this information useful. If you have additional questions or concerns, please do not hesitate to have your staff contact the Department's Office of Legislation and Congressional Affairs at (202) 401-0020.

Sincerely,

A handwritten signature in black ink that reads "James F. Manning". The signature is written in a cursive style with a large, sweeping initial "J".

James F. Manning
Acting Under Secretary

Enclosures