

Student Loan Servicing Alliance
2210 Mt. Vernon Avenue, Suite 207
Alexandria, VA 22301



August 22, 2022

The Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Ave, SW
Washington, D.C. 20202

Dear Secretary Cardona,

I write today with urgency to re-iterate to you directly what federal servicers have already communicated to the Office of Federal Student Aid (FSA). The Administration's ongoing uncertainty about resumption of repayment on federally-held student loans puts the federal student loan program and your borrowers in an increasingly precarious position. You should be aware that any announcement at this late date, less than ten days before the scheduled resumption of September 1, risks operational disruptions.

While there have been months of public speculation about what the President might do regarding the resumption of repayment, servicers have not received formal guidance from FSA stating that the resumption will not occur as scheduled. While servicers were instructed to hold back resumption communications and have worked to implement manual and systemic processes to try and suppress those communications; the core systems, programming, and call center training still reflect resumption occurring on September 1. As the resumption date of September 1 approaches, those manual processes and temporary work arounds used may begin to have fail points as more and more automated system transactions begin to be triggered, and there could be incidents of borrower miscommunication that will be a result of the lack of guidance in sufficient time for any operation. We are now ten days out from the scheduled resumption for 35 million borrowers, and – as servicers have warned for weeks would be the case – it may not be possible to ensure that a full and complete delay in resumption could be effectuated systemically by September 1 for every borrower without incident. Ten days is grossly insufficient notice to reprogram the massive and interwoven systems that handle loan accounts, provide appropriate system testing time, and also construct and implement revised communication plans.

Similarly, if repayment does begin on September 1, as current directive requires, then you also should be aware that millions of borrowers will be confused, some caught massively off guard, some may go delinquent unnecessarily, and it may take months to resolve those issues – as a result of FSA guidance to cease communication about the resumption to those borrowers.

Even today, we are hearing from borrowers who are experiencing distress and deep concern about what they need to do or not do and that call volume has increased, which is being caused by this lack of clarity created by the government that we hope can be resolved.

Consequently, either way this long-delayed decision with less than ten days remaining could have material negative consequences that servicers will need to work cooperatively with FSA and the Department to resolve and fix in the near term. That situation would only be made far more complicated and riskier operationally with any additional changes to the loan program. While servicers will work to implement any change in guidance as quickly and efficiently as possible, at this late date servicers warn, as they have advised FSA before, that there may be servicing issues that impact borrowers and may require material remediation.

Please let me know what else I can do to assist as servicers await guidance from FSA or the Department. I can be reached at scott.buchanan@slsa.net or [\(202\) 955-6055](tel:(202)955-6055).

Regards,

A handwritten signature in black ink, appearing to read 'C. Buchanan', with a stylized flourish extending to the right.

C. Tapscott Buchanan
Executive Director

cc: The Honorable James Kvaal, Under Secretary, U.S. Department of Education
Mr. Richard Cordray, Chief Operating Officer, Federal Student Aid
The Honorable Bobby Scott, Chair, House Education and Labor Committee
The Honorable Virginia Foxx, Ranking Member, House Education and Labor Committee
The Honorable Patty Murray, Chair, Senate HELP Committee
The Honorable Richard Burr, Ranking Member, Senate HELP Committee
The Honorable Patrick Leahy, Chair, Senate Appropriations Committee
The Honorable Richard Shelby, Vice Chair, Senate Appropriations Committee
The Honorable Rosa DeLauro, Chair, House Appropriations Committee
The Honorable Kay Granger, Ranking Member, House Appropriations Committee