

April 15, 2019

The Honorable Betsy DeVos
U.S. Secretary of Education
400 Maryland Ave S.W.
Washington, DC 20202

Re: Harm to Defaulted Borrowers as a Result of System Wide Staffing Shortage

Dear Secretary DeVos:

On behalf of the undersigned civil legal aid, civil rights, consumer advocacy, public interest, and veterans organization, as well as advocates who work on behalf on student loan borrowers, we are writing to demand that the U.S. Department of Education take immediate steps to address the ongoing, unprecedented, and system wide problems and delays currently plaguing its default servicing system.

By way of background, a chronic staffing shortage is causing thousands of student loan borrowers and their advocates to experience dropped calls and hours-long wait times when trying to communicate with the Default Resolution Group and Debt Collection Management System, the Department's default loan servicers. As reported recently by [The Washington Post](#), this has resulted in student loan borrowers being unable to reach anyone who can help them prevent or stop wage garnishments, tax refund seizures, and Social Security offsets. Other student loan borrowers seeking to access critical default relief programs like rehabilitation are effectively trapped in default with no recourse due to the Department's inability to function. The staffing shortages have also impacted several Private Collections Agencies contracted by the Dept. of Education.

These issues are unacceptable and have been ongoing since December of 2018, but the Department has publicly denied what is happening and has taken no steps to address the problem. The administrative problems at Default Resolution Group and Debt Collection Management System are resulting in forced collections and offsets that are jeopardizing borrowers' ability to maintain housing, pay for medicine, or support dependent children.

We demand that the Department immediately take the following steps to mitigate the harm being caused to student loan borrowers resulting from these ongoing administrative issues:

- Halt all administrative collections efforts including Treasury Offset, Social Security offset, and administrative wage garnishment, until these problems have been resolved.
- For administrative collection actions that have already been initiated, extend by at least 90 days all deadlines for borrowers to respond or appeal.

- For newly defaulted student loan accounts, refrain from sending the accounts to outside debt collection agencies until the staffing shortage has been resolved, and give borrowers a full opportunity to rehabilitate or consolidate their loans prior to the assessment of any collections charges.

To prevent these problems from occurring again the future, we demand that the Department take steps that minimize the harm to future borrowers and provide more options for borrowers to resolve their defaulted student loans easily, without needing to interact with Department staff. We suggest the following:

- Automatic cessation of collection efforts during times of administrative disruption, such as a government shutdown or a staffing shortage.
- A web portal where borrowers can complete and submit online all relevant documentation such as financial disclosure forms, rehabilitation agreements, and requests for review of wage garnishment and Treasury Offset orders, without having to interact with staff of the at Default Resolution Group, the Debt Collection Management System, or private collections agencies.

Thank you for your prompt attention to the urgent matter. We would appreciate and look forward to the opportunity to meet and continue this discussion. To schedule a meeting or ask further questions, please contact Adam Minsky at asminsky@minsky-law.com or Persis Yu at pyu@nclc.org.

Sincerely,

Adam S. Minsky, Esq.
Association of Young Americans (AYA)
Clearinghouse on Women's Issues
Cody-Hopkins Law Firm
Consumer Action
David Halperin
Generation Progress
Hildreth Institute
Housing and Economic Rights Advocates
Joshua Cohen - The Student Loan Lawyer
Legal Aid Foundation of Los Angeles
Maryland Consumer Rights Coalition
National Association of Consumer Bankruptcy Attorneys (NACBA)
National Association for College Admission Counseling
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low income clients)
National Student Legal Defense Network
National Urban League
OCA - Asian Pacific American Advocates

PHENOM (Public Higher Education Network of Massachusetts)

Southern Poverty Law Center

Student Debt Crisis

Tanya Ang, Vice President, Veterans Education Success

U.S. Public Interest Research Group (USPIRG)

UnidosUS

Woodstock Institute