

# Congress of the United States

Washington, DC 20510

February 5, 2019

The Honorable Betsy DeVos  
Secretary of Education  
U.S. Department of Education  
400 Maryland Avenue, S.W.  
Washington, D.C. 20202

## **Re: Federal Student Aid Feedback System, Docket Number ED-2018-ICCD-0128**

Dear Secretary DeVos:

We write to express our concerns about changes the U.S. Department of Education (“Department”) made to the Federal Student Aid (FSA) Feedback System. It is vitally important to protect students, borrowers, and taxpayers from fraud and abuse in federal financial aid programs. Unfortunately, over the last few years, there have been a number of for-profit institutions of higher education engaged in predatory behavior, and some of these colleges have even closed leaving their students in doubt with little to show for their investment of time and money. In addition, federal student loan servicers and debt collectors have engaged in misconduct, often leading to investigations, and leaving borrowers with little recourse but to pursue lawsuits.

In 2016, the Department established an important mechanism to allow students, borrowers, and the public to submit complaints about federal financial aid programs. This system made it possible for the Department to identify systemic problems and work to address them. The Office of Federal Student Aid’s (FSA) Feedback System is critical to overseeing institutions of higher education, student loan servicers, debt collectors, and other contractors involved in handling financial aid funds for their compliance with federal law.

We are deeply concerned that the Department’s changes to the Feedback System make it more difficult to report wrongdoing and make it easier for bad actors to cover up fraud and abuse. In February 2018, the Department unilaterally, and without consulting stakeholders, removed the ability for individuals to anonymously report complaints that could be categorized by FSA as “suspicious activity” on the Feedback System. Instead, the Department requires users of the Feedback System to provide a specific FSA ID number to submit a complaint. It also prohibited users of the Feedback System from filing complaints of systematic problems that are not associated with themselves or another student or borrower, such as misleading recruiting or marketing, illegal financial aid practices or policies, or behavior that is unfair, abusive, unlawful, or otherwise harmful to students, taxpayers, or both. While FSA states that the February 2018 functionality changes were due to some complaints being “incorrectly categorized,” it does not

justify the decision to remove the ability for users to submit a general complaint anonymously.<sup>1</sup> Anonymous complaints could be easily categorized and routed by the Ombudsman Group.

Over the past year, reports of suspicious activity have dropped by almost 20 percent, even as the total volume of complaints to the feedback system has more than doubled.<sup>2</sup> We question whether the changes to the department's categorization process alone could account for this discrepancy. We believe that the department's elimination of the ability for users to submit anonymous complaints is also likely contributing to the decline in suspicious activity reports. Although The Department does provide an option for the Inspector General to accept complaints through formal whistleblowing statutes on the FSA Feedback System, whistleblowing is a formal process involving potential litigation that the vast majority of potential complainants may be unwilling to use.

As the Department States, "data concerning the Suspicious Activity case type is shared with the Department's OIG, and information about the Complaint and Suspicious Activity case types is shared with the Federal Trade Commission's Consumer Sentinel database."<sup>3</sup> By taking actions that have made it harder for some users to report suspicious activity, the Department is also impeding the ability of these independent agencies and offices to conduct appropriate law enforcement and investigatory activities.

The Department has also failed to post, for the first time since the system was created, a full FSA Feedback System report on the FSA Data Center at the end of the 2018 calendar year.<sup>4</sup> The Department stated that it is consolidating this information into the FSA Annual Report, but in fact it is providing much less usable and valuable information about complaints that are received. In total, the Department is acting to dramatically reduce the transparency and usability of the complaint system, and it is unclear to whom the benefits of these unilateral actions accrue.

The Department's actions have put students and taxpayers at risk at a time when we need more visibility into potential misconduct in the federal financial aid programs—not less. The Department must restore the ability for users to submit complaints anonymously, and to submit information regarding general or systemic problems that are not related to a specific individual. Additionally, the Department should take this opportunity to once again post full, annual Feedback System reports on its Data Center, including a full report for Fiscal Year 2018. Thank you for your attention to these matters.

Sincerely,

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<sup>1</sup> <https://studentaid.ed.gov/sa/sites/default/files/FSA-FY-2018-Annual-Report-Final.pdf> (page 97)

<sup>2</sup> In FY 2018 there were 1,874 suspicious activity cases, whereas in FY 2017, there were 2,310 such cases. This represents a decline of 18.9% of suspicious activity cases, compared to an increase of 119.9% in overall cases (17,430 to 38,332) in the same time period. Source: FY 2018 FSA Annual Report <https://studentaid.ed.gov/sa/sites/default/files/FSA-FY-2018-Annual-Report-Final.pdf> (Page 86) and FY 2017 FSA Feedback System Annual Report <https://studentaid.ed.gov/sa/sites/default/files/fsawg/datacenter/library/Feedback-System-Report-2017.pdf> (page 9)

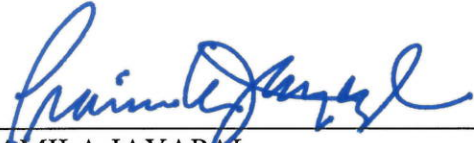
<sup>3</sup> <https://studentaid.ed.gov/sa/sites/default/files/FSA-FY-2018-Annual-Report-Final.pdf> (page 99)

<sup>4</sup> <https://studentaid.ed.gov/sa/about/data-center/business-info/feedback-system-reports>



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MARGARET WOOD HASSAN  
United States Senator



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PRAMILA JAYAPAL  
Member of Congress



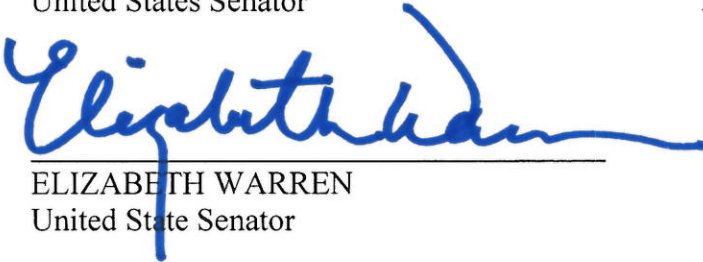
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RICHARD BLUMENTHAL  
United States Senator



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MARK TAKANO  
Member of Congress



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ELIZABETH WARREN  
United State Senator