

# Congress of the United States

Washington, DC 20510

April 16, 2020

The Honorable Steve Mnuchin  
Secretary of the Treasury  
U.S. Department of the Treasury  
1500 Pennsylvania Avenue, NW  
Washington, D.C. 20220

The Honorable Betsy DeVos  
Secretary of Education  
U.S. Department of Education  
400 Maryland Avenue S.W.  
Washington, D.C. 20220

Dear Secretary Mnuchin and Secretary DeVos,

We write to express our serious concerns with the troubling implementation of the CARES Act, specifically Section 3513 (e)(1), which shields individuals from having their wages unfairly garnished after falling behind on their federal student loans during the COVID-19 public health crisis. As you know, each year the federal government uses Administrative Wage Garnishment (AWG) to collect on the debts of struggling student loan borrowers. The latest reported data from the U.S. Department of Education (the Department) shows that last year alone, the government garnished over \$840 million from workers with federal Direct student loans.<sup>1</sup> In response to the growing economic crisis devastating workers and families, the Trump Administration announced that it would cease these wage garnishments for a period of 60 days, and further, would refund borrowers \$1.8 billion in tax refunds and other federal benefits that had been offset since the Administration first declared a national emergency.<sup>2</sup> On March 27, 2020, the CARES Act was passed into law prohibiting these wage garnishments for the next six months in an effort to protect vulnerable borrowers from even more financial ruin during this crisis.

Over the last few weeks, the COVID-19 pandemic has impacted nearly every aspect of our society, wreaking havoc on our economy and pushing many families who were already struggling, further to the brink of financial ruin. For the hundreds of thousands of struggling student loan borrowers who were seeing their hard-earned wages unfairly garnished, this protection is a critical lifeline and will undoubtedly be the difference between whether these families can pay rent, put food on the table and cover the costs of medical care. Congress took a bold step in the CARES Act to ensure that struggling student loan borrowers facing AWG would not be left behind during COVID-19 relief efforts. Despite these statutory requirements, the Department and its contracted private collection agencies, appear to be moving forward in blatant disregard to these new protections established by Congress.

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<sup>1</sup> Office of Federal Student Aid, "Default Rates" <https://studentaid.gov/data-center/student/default>

<sup>2</sup> U.S. Department of Education, "Secretary DeVos Directs FSA to Stop Wage Garnishment, Collections Actions for Student Loan Borrowers, Will Refund More Than \$1.8 Billion to Students, Families" March 25, 2020 <https://www.ed.gov/news/press-releases/secretary-devos-directs-fsa-stop-wage-garnishment-collections-actions-student-loan-borrowers-will-refund-more-18-billion-students-families>

For example, guidelines issued by the Department on April 1, 2020<sup>3</sup> specifically note that borrowers' wages may continue to be garnished and that these borrowers should expect refunds in the future. This guidance conflicts the Department's March 25<sup>th</sup> announcement and ignores the statutory requirement to suspend these involuntary collections until September as required by the CARES Act. Furthermore, the guidance provides borrowers with no timeline on when they can expect to receive their refunds and no recourse if they are facing any sort of financial hardship during this crisis as a result of these unlawful garnishments. Additionally, we have already heard from borrowers and consumer advocates that employers and private collection agencies are failing to promptly implement the suspension of involuntary collections through AWG.<sup>4</sup>

This is simply unconscionable. Congress passed the CARES Act in an effort to provide some immediate relief to our most vulnerable workers and families. This Administration's actions and disregard for these new protections under federal law will place workers and families in further economic jeopardy.

Therefore, we request the Administration promptly issue new guidance halting all involuntary collections effective immediately and provide a clear timeline for refunds to borrowers who have had wages unlawfully garnished since the Administration's initial announcement and since the passage of the CARES Act.

Additionally, we request that the Administration provide responses to the following questions by April 25, 2020:

1. Please answer the following questions regarding the status of borrowers and their debts as of March 13, 2020, broken down by account assigned to each private collection agency:
  - a. How many borrowers were under an AWG order when the stop collections order went into effect? Please provide demographic breakdowns by the state, county, age, race, and gender of borrowers.
  - b. How many borrowers were making payments under AWG when the stop collections order went into effect? Please provide demographic breakdowns by state, county, age, race and gender of borrowers.
  - c. What was the total debt volume of these borrowers under an AWG order when the stop collections order went into effect?
  - d. What was the average dollar amount garnished from borrowers' wages (please provide this amount per month and per pay period, if available) under the AWG orders then in effect?

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<sup>3</sup> Office of Federal Student Aid, "Coronavirus and Forbearance Info for Students, Borrowers, and Parents" <https://studentaid.gov/announcements-events/coronavirus>

<sup>4</sup> Student Borrower Protection Center, "Are You Having Problems with Government Wage Garnishment on Your Student Loans During COVID-19?" March 30, 2020 <https://protectborrowers.org/are-you-having-problems-with-government-wage-garnishment-on-your-student-loans-during-covid-19/>

2. Please provide a week by week analysis on the following questions about employers at the time of the stop collections order on AWG [including the number of borrowers and the total debt levels for those borrowers for each category, broken up by account assigned to each private collection agency]:
  - a. How many employers were under orders by the Department or a private collection agency contracting with the Department to garnish their employees' paychecks under an AWG order when the stop collections order went into effect on March 13, 2020?
  - b. How many employers were told by private collection agencies to stop collections through an AWG order?
  - c. How many employers completed the requirement to stop collections?
  - d. How many employers continued processing AWGs against borrowers?
  - e. Please provide a list of all employers continuing AWGs against workers, including the number of affected workers by employer, the total dollar amount seized by employer, and the average dollar amount per affected worker by employer.
3. Please provide a *week by week analysis* of the following question about the total amount of money collected through an AWG order after the stop collections order went into effect, broken up by accounts assigned to each private collection agency.
  - a. What is the total amount of payments that have been received by the Department under an AWG order since the stop collections order began?
  - b. What is the total number of borrowers that the Department has received garnished wages from since the stop collections order began?
  - c. What is the total amount of commission paid to private collection agencies based upon amounts received through AWG?
4. According to the Department's FAQs published on April 1, 2020, borrowers who have had their wages improperly garnished after March 13, 2020 will see a refund of those monies. Please provide a *weekly* update to the following questions about refunds returned to borrowers as a result of improper garnishments after the stop collection order, broken up by private collection agencies:
  - a. How many borrowers were issued refunds?
  - b. What was the total dollar amount of refunds issued to borrowers?
  - c. What is the average time it took for each refund to be issued after the Department received payments made by employers?

- d. How many borrowers have claimed their refunds either through a deposited check or direct deposit into a bank account?
  - e. What is the number of borrowers and the total dollar amount of unclaimed refunds issued to borrowers?
5. What type of guidance (if any) has the Department provided to private collection agencies and/or employers regarding the suspension of AWG?

These efforts to suspend involuntary collections are critical to our nation's recovery efforts and for protecting American families from falling off a financial cliff. We request your immediate attention to this issue.

Sincerely,



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Cory A. Booker  
United States Senator

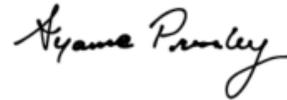
Elizabeth Warren  
United States Senator

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Brian Schatz  
United States Senator

Sherrod Brown  
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