

U.S. Senate Committee on Banking, Housing, and Urban Affairs' Subcommittee on Economic Policy

Chair, Senator Elizabeth Warren

Hearing on, "MOHELA's Performance as a Student Loan Servicer."

Wednesday, April 10, 2024, at 2:30PM

Testimony of Kathleen White

Good afternoon, Senator Warren, Committee Members and Guests,

My name is Kathleen White, and I am here to share my experiences as a student loan borrower. I began college in 1973 at the age of 16 after graduating from high school. I was the first in my family to attend college and I paid for college attendance. As such, I utilized student financial aid in the form of grants, scholarships, and student loans. I attended San Francisco State University and obtained my BA in 1978 and an MA in Education in 1982. At the time my graduation, I was a parent of a toddler and had another child on the way. My husband was also a student at SFSU and utilized his Veterans Benefits, granted after 4 years of service as a US Navy Frogman, as well as student loans. We have been married for 45 years and sent three sons to college. We were both proud public service employees, and a moderate-to-middle-income family, and as such, needed assistance to finance college. Our sons attended college through a combination of our payments, obtaining scholarships, and student loans. In total, over 40 years, I have made \$305,000 in student loan payments. Student loan payments were ever-present from one generation to the next. I remain grateful for the support that I received to finance college and am proud to say that I was never in default, despite financial challenges, and that I have always paid my debts and obligations.

My college education allowed for me to engage in the best career that I could have imagined. I was employed full time as a tenured faculty member at a public community college for 26 years (from 1995 to 2021). I taught future teachers interested in careers with children and youth in education in a range of ECE and K-12 settings. I served as a Department Chair and calculated that I have taught over 25,000 students in my career. I also worked as a part time faculty member and full time at a children's nonprofit for 10 years prior.

In 2017, I was made aware of the Public Service Loan Forgiveness Program. I had been making student loan payments between for well more than a decade . I submitted an Employment Certification Form from my school district in 2017 to loan servicer Federal Loan Servicing. On November 14, 2017, I was sent a form letter from FLS, indicating that my Employment Certification Form was not evaluated, as I did not have eligible student loan types. As I had a mix of loan types, and no process to apply was described for me, I did not pursue PSLF. I was disappointed, as I was a public servant, had current loans held by Navient which totaled \$65,000 on 6/22/2007 and had payments of \$360.64 remaining through 2037 which would be until my 81st birthday!

I additionally knew that the pervasive teacher shortages in my area could be alleviated with a robust PSLF strategy for students. My students often held student debt and were also interested in careers in teaching.

In 2020, I became aware of renewed outreach by student loan advocacy groups about PSLF and assurances that PSLF's would be reconsidered under the new federal administration. I also turned 65 in 2021 and chose to retire, as I had been instructing my two elementary school-age grandchildren at home due to COVID pandemic school closures.

I needed clarification about my status as a retiree and my PSLF eligibility, my denial of PSLF in 2017, and my eligible loan types. I worked with my union (American Federation of Teachers - AFT) and student loan service, MEETSUMMER, which assists borrowers in obtaining PSLF and otherwise navigating the student loan system (what I had hoped student loan servicers would do).

I had loans serviced by Sallie Mae, NELNET and later NAVIENT from 2008-2018. During this 10-year period I made 120 on-time payments for student loans and was never in default or forbearance. In 2020, I still owed \$29,000 in student loans. I was informed that I needed to resubmit an Employment Certification Form from my employer and consolidate the existing NAVIENT loan into a Direct Student Loan (ICR) before October 31, 2022, as a limited time waiver existed that would have allowed for broader loan-types, as well as prior loan payments to be considered.

I was directed by Navient to MOHELA, the new servicer for PSLF. I downloaded the forms (loan consolidation and PSLF certification) from the MOHELA website and followed the instructions on the MOHELA website which only allowed for paper copies to be submitted by mail or fax. I then met with MEETSUMMER staff to check the forms and they then faxed in my forms to MOHELA. I have proof that both of my forms were faxed in, one on September 16th, 2022, the other on October 5, 2022.

That was just the beginning of my saga. I needed clarification from MOHELA about a host of questions. What would the new interest rate be if PSLF was not granted? Would my loan-types (specifically FFEL) be eligible? Would the loan term be extended past 2037 if I was not eligible? Would my status as a retiree impact my eligibility? Were my forms received and processed? Would I be granted the waiver allowing expanded counting of prior loan payments to private servicers, and the ability to retroactively count on-time payments for 10 years?

MOHELA was unable to answer my questions because they were unable to provide any information about the status of either document I had submitted to them. After calling and emailing 30 times from November 2022 to March 2023, I was unable to receive status updates or information. MOHELA staff were not able to provide information related to my loan consolidation form and I was told to wait 30, then 60, then 90 days for processing. I was also told by MOHELA that due to the federal loan forgiveness legislation and pending rulings, forms would not be addressed until after July 2023. I also called NAVIENT repeatedly and was told no

consolidation had occurred and no further information could be provided. I was in a gray area – a lost land, where I belonged to no servicer and had no recourse. I just wanted to know if my faxes had been received before the October 31, 2022, deadline.

Finally, in March 2023, my PSLF Employer Certification Form, submitted in September 2022, appeared on the MOHELA site as being processed. There was still no sign of the loan consolidation form being processed. I then was advised that I had to resubmit a loan consolidation form through a new organization (AIDVANTAGE), even though paper loan forms had been available to download on the MOHELA website. My new form was processed within 30 days, and Navient informed me that I was no longer a customer.

In July 2023, I called MOHELA again, about the Direct Loan consolidation and the questions I still had about my eligibility for PSLF. I was told that there had been some recent changes to eligibility, but that I had to wait until 2024 to receive PSLF loan forgiveness information since past loan counts serviced by private servicers like NAVIENT had to be "HAND COUNTED" and then total payments tallied, and then sent to MOHELA, from the National Student Loan Data System records. As I had 120 qualifying payments with NAVIENT, this was a key step to PSLF approval. I imagined hundreds of staff working in a large warehouse filled with file boxes, hand counting my payments!

In August 2023, still with no answers, I filed another complaint with the Consumer Financial Protection Bureau as well as with MOHELA. I received a letter from MOHELA within 15 days of filing the complaint, indicating that I had made only 3 qualifying payments to my current DIRECT STUDENT LOAN, and I had presumably 117 remaining. No mention of prior payments to NAVIENT was made, no mention of "hand-counting" prior payments through the National Student Loan Data System and no mention of PSLF approval. I was further told that because I had consolidated my loan after the October 2022 limited waiver period, my past payments could not be counted. I guess my fax had been "lost".

Call wait-times to MOHELA often exceeded 1-2 hours on hold, with decreasing call center hours and a host of new staff "in training" without the ability to accelerate complicated cases or address questions that deviated from general topics. All employees were polite and tried to be helpful, but it seemed like they did not have the tools to escalate cases or questions. The MOHELA website provided the same general instructions but no real place for problem resolution once a customer is past the general information phase. There was no way to accelerate requests, receive clarification or complain. I filed a total of seven complaints to MOHELA, Consumer Financial Protection Bureau, and the Fed. Student Financial Aid Office out of frustration with the lack of progress of my PSLF. I had sent a consolidation form on-time, and I worked for a qualifying employer!

When payments resumed in October 2023, after the COVID payment pause, I received a bill from MOHELA to pay \$393.69 per month. I made that payment, despite having been in PSLF limbo for 12 months. It was a hard check to write.

On November 26th, 2023, I received a letter from MOHELA indicating that my Direct Loan had been disbursed on 5/25/2023, and that I had 194 PSLF eligible payments and of those, 160 payments were PSLF qualifying. That seemed like good news, but the estimated eligibility date for PSLF was blank. I tried to call MOHELA for clarification, but it was over the Thanksgiving holiday, and I waited.

On November 29th, 2023, I received a letter from MOHELA, indicating that my loan was being placed in administrative forbearance. I was concerned, as interest typically accrued during forbearance, and I had not requested forbearance. Despite being on forbearance, I received bills for loan payments in both November and December. I paid both.

Finally, on February 6, 2024, I received a form letter, thanking me for my public service and indicating that my principal and interest totaling \$29,765.97 had been forgiven and that I had a credit balance for payments received in October, November and December which was returned later in February.

I taped that letter up on my front door and kept it there for weeks. I remain grateful, but it was such a painful ordeal. On behalf of every eligible PSLF employee and especially every eligible teacher, I am here to advocate for change.