

MICHAEL B. ENZI, WYOMING
RICHARD BURR, NORTH CAROLINA
JOHNNY ISAKSON, GEORGIA
RAND PAUL, KENTUCKY
SUSAN M. COLLINS, MAINE
BILL CASSIDY, M.D., LOUISIANA
PAT ROBERTS, KANSAS
LISA MURKOWSKI, ALASKA
TIM SCOTT, SOUTH CAROLINA
MITT ROMNEY, UTAH
MIKE BRAUN, INDIANA

PATTY MURRAY, WASHINGTON
BERNARD SANDERS (I), VERMONT
ROBERT P. CASEY, JR., PENNSYLVANIA
TAMMY BALDWIN, WISCONSIN
CHRISTOPHER S. MURPHY, CONNECTICUT
ELIZABETH WARREN, MASSACHUSETTS
TIM KAINE, VIRGINIA
MARGARET WOOD HASSAN, NEW HAMPSHIRE
TINA SMITH, MINNESOTA
DOUG JONES, ALABAMA
JACKY ROSEN, NEVADA

United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

DAVID P. CLEARY, STAFF DIRECTOR
EVAN SCHATZ, DEMOCRATIC STAFF DIRECTOR

<http://help.senate.gov>

November 20, 2019

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

Dear Secretary DeVos:

I write to request that the U.S. Department of Education (“Department”) immediately suspend efforts to create barriers to income-driven repayment (IDR) in light of new information from the Government Accountability Office (GAO).¹ I am extremely concerned that creating verification procedures for IDR will replicate barriers that reduce access to federal financial aid, including Pell Grants and federal student loans. Verification ensnares students in a jungle of red tape; more than 1 in 5 students selected for verification fail to complete it.² New information provided by GAO makes clear the Department’s efforts to impose verification procedures on borrowers are based on unsupported assumptions, and I strongly urge the Department to reverse course.

On July 25, 2019, GAO published the report *Education Needs to Verify Borrowers’ Information for Income-Driven Repayment Plans* (“IDR Report”). In response to that report, you said that “there is significant risk in the federal student loan portfolio” and, regarding errors in the IDR applications, that “we must have a system in place to ensure that dishonest people do not get away with it.”³ As a result, the Department indicates that it is beginning a new initiative to verify borrowers’ income and family sizes on their applications for IDR.⁴

That decision, however, is based on incorrect information. Specifically, GAO has provided me with additional information that undermines the Department’s assumption that there is a “significant risk” of borrower fraud in IDR.⁵ I have enclosed a copy of the GAO letter for your

¹ Letter from The Honorable Gene L. Dodaro, Comptroller General of the United States, to Senator Patty Murray regarding GAO-19-347. November 12, 2019. Enclosed.

² National College Access Network. “FAFSA Verification: Good Government or Red Tape?” November 2018. <https://cdn.ymaws.com/collegeaccess.org/resource/resmgr/publications/verificationwp2018.pdf>

³ U.S. Department of Education. Statement: U.S. Secretary of Education Betsy DeVos Calls for Review of Income Verification for Income-Driven Repayment Plans. July 25, 2019. <https://go.usa.gov/xpks3>

⁴ “FSA anticipates undertaking a 12-month pilot project to assess the incidence of error or fraud in determining monthly payment amounts under income-driven repayment plans. Based on the results of the pilot project, FSA will determine the additional procedures needed, if any, to review and verify income for borrowers reporting zero income on income driven repayment plan applications and procedures to review and substantiate borrowers’ reported family size.” Page 17. U.S. Department of Education, Office of Inspector General. FY2020 Management Challenges Report. November 14, 2019. <https://www2.ed.gov/about/offices/list/oig/managementchallenges.html>

⁵ Government Accountability Office. GAO-19-347: Education Needs to Verify Borrowers’ Information for Income-Driven Repayment Plans. July 25, 2019. <https://www.gao.gov/products/GAO-19-347>

review. The information from GAO shows that the Department's response is based on flawed assumptions that the errors in reported income and family size highlighted in the IDR Report are the result of student loan borrowers defrauding the federal government. GAO explains that there are many potential reasons for data errors in our complicated student loan repayment system that are either the result of borrower confusion or beyond the borrower's control. GAO also clarifies that it was not feasible to examine the full range of factors that lead to data errors within the IDR report and that "it is not possible to conclude the existence of fraud" without further research. Moreover, GAO stated that the Department has a number of simple solutions at its disposal to address errors in IDR data that do not impose additional burdens on borrowers. The Department should evaluate this new information from GAO before taking any further steps to increase the burden on struggling student loan borrowers.

In fact, the Department need not pursue any additional policy changes or pilot programs to verify borrowers' reported income beyond the legislative proposals it has already offered and supported. The proposal included in the President's fiscal year 2020 budget request would allow the Internal Revenue Service (IRS) to securely disclose tax return information directly to the Department for the purpose of administering federal financial aid programs. Indeed, the Department has already provided technical assistance regarding, and expressed support for, the bipartisan *Faster Access to Federal Student Aid Act*, which was passed unanimously by the United States Senate late last year.

GAO notes that had such a proposal been passed into law, with respect to the recommendation to verify borrower income for IDR, GAO "would consider the recommendation adopted." However, GAO also notes that it had followed up with the Department to obtain more details about the legislative proposal since it did not have sufficient clarity to understand the budget request, but that Department officials "declined to provide additional information." It is alarming that the Department did not respond to GAO's request for more information since these facts were readily accessible and widely known by the Department. It is even more alarming that, despite declining to provide GAO with the requested information, the Department appears to have used the IDR Report as justification for beginning policies that could be harmful to federal student loan borrowers.

In addition, in GAO's follow-up letter, it identifies many potential causes of unusual borrower income and family size, many of which suggest the need for policy solutions other than verification imposed upon the borrower, including:

- Mismatches between when borrowers may have earned wages, but were not earning wages at the time of submitting the IDR application;
- Borrowers misunderstanding what constitutes taxable income;
- Servicers making mistakes when copying family sizes from paper applications into their computer systems;
- Errors caused by requiring borrowers to provide information on family members in up to three places on the IDR application;
- Fraud carried out by third-party debt-relief scams that could be uncovered by Department data mining and analytics;
- Incongruities between prior-year tax return data and a borrower's current tax return;

- Poor guidance to student loan servicers on calculating income for IDR purposes that is not expected to be corrected until full implementation of the Next Generation Financial Services Environment in fall 2021; and
- A change in the voluntary procedures issued to servicers for borrowers who report an increase of four or more family members, that occurred in the middle of GAO's examination period.

Finally, GAO reaffirms the recommendation that the Department "take steps to consistently and regularly notify all borrowers in repayment about IDR plans, to help ensure that these plans serve their intended beneficiaries." Without IDR, many struggling borrowers would fall further behind or end up delinquent or default on their loans. Ensuring access to IDR for at risk borrowers is vital to promoting successful repayment outcomes in the federal loan portfolio. The Department should not embark on a dangerous new project without first investigating the facts.

I have further asked that GAO analyze additional information with respect to the data, including differences in the stage of repayment (beginning repayment on their loans with an IDR plan; switching their existing repayment plan to IDR; or recertifying their IDR plan) and disaggregation of any abnormalities in the IDR family size or income by the student loan servicer of the borrower. This information will help to identify further the extent to which specific points in time, or specific student loan servicers, may be disproportionately failing to assist borrowers through the IDR process. GAO has commenced its work to examine this information, and I expect the Department to fully comply with all of GAO's inquiries, and respond in a timely fashion to all requests for information or clarification.

It is imperative that the Department help struggling student loan borrowers obtain the assistance they need to be successful in managing their debt. At a minimum, the Department should halt all efforts to create verification barriers to IDR enrollment until a full review of the facts and information can be completed. If you have any questions, please contact Bryce McKibben on my Health, Education, Labor, and Pensions Committee staff at 202-224-5501. Thank you for your attention to this matter.

Sincerely,



PAT MURRAY
Ranking Member
Senate Committee on Health, Education,
Labor, and Pensions

Enclosure: Letter from The Honorable Gene L. Dodaro, Comptroller General of the United States, to Senator Patty Murray regarding GAO-19-347. November 12, 2019.



441 G St. N.W.
Washington, DC 20548

Comptroller General
of the United States

November 12, 2019

The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

Dear Senator Murray:

Thank you for your letter dated August 28, 2019 regarding our report, "Federal Student Loans: Education Needs to Verify Borrowers' Information for Income-Driven Repayment Plans" (GAO-19-347). We appreciate the opportunity to provide more information about this important topic.

We have enclosed written responses to your questions, and hope you find this information useful. If you or your staff have any additional questions, please contact Melissa Emrey-Arras at [REDACTED] or [REDACTED] or Seto J. Bagdoyan at [REDACTED] or [REDACTED].

Sincerely yours,

Gene L. Dodaro
Comptroller General
of the United States

Enclosure

ENCLOSURE

Responses to Questions from Senator Murray

Regarding “Federal Student Loans: Education Needs to Verify Borrowers’ Information for Income-Driven Repayment Plans” (GAO-19-347)

- 1. Why did GAO decline to accept the U.S. Department of Education's suggestion to convert the recommendation on obtaining income data for borrowers with zero income (Recommendation 1) to a proposal for a legislative change to Section 6103 of the Internal Revenue Code to streamline the exchange of income and other tax data?**

In our June 2019 report, we recommended that the Chief Operating Officer of Federal Student Aid obtain data in order to verify income information for borrowers reporting zero income on income-driven repayment (IDR) plan applications (Recommendation 1). In the report section “Agency Comments and Our Evaluation” we explained that we did not convert this recommendation to a Matter for Congressional Consideration (i.e., a proposal for a legislative change) because there are existing actions that the Department of Education (Education) can take to implement it. Specifically, in addition to pursuing access to existing federal data sources, Education could pursue access to an appropriate private data source.

In its comments on the report, Education stated that it would explore whether commercially available data are sufficient in terms of scope, reliability, and cost effectiveness. Education also cited a proposal included in the fiscal year 2020 budget request that Congress pass legislation allowing the Internal Revenue Service (IRS) to disclose tax return information directly to the Department for the purpose of administering certain federal student financial aid programs. Prior to the issuance of the report, we reviewed the information available about the proposal in the budget documents, but there was not sufficient clarity to determine whether the proposal would address our recommendation. We also followed up with Education about this, but officials declined to provide additional information.

If Education obtained statutory authority to access IRS data and used the data to verify income information for borrowers reporting zero income on IDR applications, we would consider the recommendation implemented. Similarly, Education could implement the recommendation by obtaining an appropriate commercially available data source or statutory authority to access another appropriate federal data source for this purpose.

- 2. What evidence did GAO identify to support the characterization of data discrepancies as potential "fraud" by student loan borrowers instead of other possible factors, such as servicer error or manipulation of account information by third parties?**

Our analyses for this report were designed to identify indicators of potential fraud or error in income and family size information on IDR plans, and test Education’s procedures for verifying this information. This is consistent with the approach we have used in examining other federal programs. As noted in the report, it is not possible to conclude

the existence of fraud or error in these IDR plans without additional verification or investigation. For this reason, we refer to potential fraud or error in income and family size information when discussing our findings throughout the report. Moreover, we did not design our audit to examine the potential role of third parties, as Education does not collect information on whether IDR applications are filled out by a third party on behalf of borrowers. Implementing data analytic practices and follow-up procedures to review and verify family size information and reports of zero income, as we recommended in our June 2019 report, could help Education reduce the risk of using inaccurate information to calculate monthly loan payments regardless of the source of the inaccurate information.

Income Analysis

For our income analysis, we conducted a match using data from Education's IDR plan data and quarterly wage data from the Department of Health and Human Services' National Directory of New Hires (NDNH) to determine if any borrowers that reported zero income on their IDR applications had wages reported in NDNH for the quarter in which their IDR plan was approved. We then estimated whether these borrowers may have had sufficient annual wages to warrant a monthly student loan payment. ¹Using data matching to verify key information, including self-reported data and information necessary to determine eligibility, is a leading practice for data analytics as discussed in GAO's Framework for Managing Risks in Federal Programs (Fraud Risk Framework).²

Our analysis found about 95,100 IDR plans were held by borrowers who reported zero income yet potentially earned enough wages to make monthly student loan payments, based on our annualized estimates. These plans were held by about 76,200 unique borrowers. However, as stated in the report, it is not possible to determine whether fraud or error occurred through data matching alone. We also explained that is possible that some of the 76,200 borrowers in our data matching results accurately reported zero income even though they had wages reported in NDNH in the same quarter in which their IDR application was approved. For example, a borrower may have earned wages at the start or end of a quarter, but was not earning wages at the time of submitting the IDR application. Because borrowers are only required to certify their income annually, such a scenario would not constitute fraud or error even though it would result in a match in our analysis.

Regarding the potential for error, officials from Education and all four loan servicers we spoke with stated that it is possible that borrowers could incorrectly report that they had no taxable income. Officials from Education said, for example, that borrowers may misunderstand the question about taxable income on the IDR application, and one loan servicer, echoing this perspective, stated that some borrowers may mistakenly think that some of their income is nontaxable when it is in fact taxable. Where appropriate, we are referring these results to the Education's Office of Inspector General (OIG) for further investigation.

¹ For more information on the methodology and potential limitations of this analysis, see Appendix I Objectives, Scope, and Methodology. For example, the methodology we used to annualize wages based on quarterly wages may understate or overstate income if a borrower did not earn wages at the same level over the entire year.

² GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 2015).

Family Size Analysis

Regarding family size, we analyzed the overall distribution of family sizes reported on approximately 5 million approved IDR plans. We found that about 40,900 IDR plans were approved based on family sizes of nine or more, which we considered atypical because they comprised the top 1 percent of all family sizes in Education's data. We did not independently verify the family size reported on the IDR plans. Looking for outliers or atypical data is a recognized method for detecting potential fraud or errors because deviations from expected patterns or circumstances can indicate potentially fraudulent or erroneous activity. However, as stated in the report, because borrowers may have accurately reported family sizes of nine or more, it is not possible to conclude the existence of fraud or error in family size information for these IDR plans without additional verification or investigation.

Regarding the potential for error in family size information, officials from Education and all four loan servicers we spoke with said borrowers or loan servicers may inadvertently make mistakes related to family size. For example, officials from Education and one loan servicer said borrowers sometimes report inaccurate family sizes if they are confused about who to count as a member of their family. With regard to loan servicer error, Education officials said that servicers may make mistakes when entering family sizes from paper applications into their computer systems or when determining the total family size because borrowers provide information on family members in up to three places on the application. We are not referring family size results to Education for further investigation because they are based on Education's own data, and therefore Education is already positioned to conduct any necessary follow-up in this area.

3. To what extent did GAO evaluate whether the abnormalities in income or family size were related to borrowers' inability to contact servicers as noted in GAO report 16-523, *Education Could Improve Direct Loan Program Customer Service and Oversight*?

For our June 2019 report, we relied on data from Education's Enterprise Data Warehouse and Analytics (EDWA) database, the Department's centralized source of administrative data reported by loan servicers on IDR borrowers and their loans, to identify indicators of potential fraud or error. EDWA does not appear to contain information on whether borrowers contacted their loan servicer. Accordingly, we did not examine whether potential indicators of fraud or error in income and family size were related to borrowers' ability to contact servicers, an issue discussed in our May 2016 report (GAO-16-523).

Implementing data analytic practices and follow-up procedures, as we recommended in June 2019, to review and verify family size information and reports of zero income could help Education reduce the risk of using inaccurate information on IDR applications to calculate monthly loan payments, and better protect the federal investment in student loans. Implementing data analytic practices and follow-up procedures could also help Education identify root causes of inaccurate information and develop corrective actions to address them.

In GAO-16-523, we recommended that Education develop a minimum standard that specifies core call center operating hours to provide borrowers, including those on the West Coast, with improved access to servicers. As of October 2019, Education officials indicated that implementation of this recommendation was still in progress, pending

completion of its Next Generation Financial Services Environment in fall 2021. As Education completes this loan servicing redesign, it should ensure that borrowers have improved access to customer service representatives to aid them in managing their loans.

4. To what extent did GAO examine the role of third-party debt relief scams, which the Federal Trade Commission has found to have “fabricated income, unemployment status, and family size information” in leading to borrowers’ abnormalities in such information?

While we did not examine the potential role of third parties in our June 2019 report, implementing our recommendations to improve verification of income and family size information in IDR plans could help Education detect and prevent potential fraud carried out by third parties. For example, data mining, a leading data analytic practice in GAO’s Fraud Risk Framework, can be used to identify suspicious activity or transactions, including anomalies, outliers, and other red flags in the data. Education may be able to mine its own data to look for patterns that could be suggestive of third-party involvement, such as large numbers of applications submitted from the same Internet Protocol address.

5. To what extent did GAO examine the role of prior-prior year income data as a potential source of abnormalities in borrower income, particularly for borrowers entering repayment directly after a period of in-school deferment?

While borrowers who used prior-prior year income data to document their income would have been included in our analysis if their IDR applications were approved based on reports of zero income, we did not specifically examine the use of prior-prior year income data for the purposes of this report.³ This is because borrowers with no taxable income may check a box on the application form indicating they (and their spouses, if applicable) currently do not have income or receive only untaxed income. Such borrowers self-certify the information is correct by signing the form and no additional documentation is required.

Regarding the availability of data to answer this prior-prior year income question, Education’s data appear to include a field for the applicable tax year for borrowers that document their income with a tax return. However, we cannot speak to the completeness or reliability of this information since we did not use it in our analysis for our June 2019 report.

³ Some borrowers may document their income with tax information from the year prior to the most recent tax year (i.e., prior-prior year) if they have not filed taxes for the most recent tax year at the time of their application.

6. You noted that the IDR applications GAO examined for this report included multiple applications for a single borrower. IDR borrowers face very different circumstances depending on whether they are in one of three general stages: beginning repayment on their loans with an IDR plan; switching their existing repayment plan to IDR; or recertifying their IDR plan. Of the 656,000 borrowers reviewed for the income analysis and 3.5 million borrowers reviewed for the family size analysis, how many fell in each of these three categories, and how did GAO's findings differ by each category?

As discussed with your staff, answering this question will require new analysis and we will need to conduct a separate study to answer it. Ms. Melissa Emrey-Arras, the director assigned to lead the work, will contact Mr. Bryce McKibben to discuss the request, your needs, and the engagement objectives, scope and methodology in accordance with GAO's congressional protocols.

7. According to the Census Bureau, almost 22 percent of Americans with bachelor's degrees, and over 28 percent of non-completers were self-employed in 2016. Also, almost seven percent of workers in 2017 were independent contractors. These groups are not frequently reported within the National Database of New Hires (NDNH), according to the Bureau of Labor Statistics. NDNH data also includes employer reported wages and does not account for all amounts that would be excluded from taxable income. To what extent did GAO examine shortcomings of the NDNH, including for self-employed individuals and many independent contractors, in using such information for comparisons relative to other data sources?

As you stated, NDNH generally does not include information on certain kinds of income, such as wages for self-employed individuals and independent contractors. GAO chose to use NDNH wage data to conduct a data match because the data enabled us to identify potential inconsistencies in the reported income information on IDR plans for borrowers with zero income. On the basis of our reliability assessment results, we determined that the NDNH data were sufficiently reliable for the purposes of this report, and we included detailed methodological information about NDNH and our analysis in the report. We did not specifically examine the strengths and limitations of NDNH relative to other data sources, nor did we determine NDNH data are preferable to other data sources for income matching, such as IRS data or private data sources.

NDNH contains (1) data on quarterly wages for existing employees, collected and reported by state workforce agencies and federal agencies; and (2) data on all individuals who apply for or received unemployment compensation, as maintained and reported by state workforce agencies.

Borrowers applying for IDR plans are required to provide information on all sources of taxable income including income from employment, unemployment, dividends, interest, tips, and alimony. As stated in our report, our analysis cannot identify borrowers who may have earned taxable income that is not part of NDNH data, but should be included in IDR applications, such as income for individuals who are self-employed.⁴ As a result,

⁴ We noted in the report that according to the Congressional Research Service (CRS), NDNH includes wages only for individuals who are covered by unemployment compensation, and self-employed individuals are generally excluded from this system. See Congressional Research Service, *The National Directory of New Hires*, 7-5700 (Feb. 24, 2014).

our estimates could understate borrowers' incomes. Consequently, our analysis may understate the number of borrowers who reported no income on their IDR applications, yet may have had sufficient wages to warrant a monthly student loan payment

Similarly, our estimates of annual wages are based on the wages reported in NDNH for each borrower and do not take into account any pre-tax deductions that may apply when determining IDR payments. As a result, our estimates could overstate borrowers' incomes. Consequently, our analysis may overstate the number of borrowers that reported no income on their IDR application, yet may have had sufficient wages to warrant a monthly student loan payment. In summary, some aspects of our analysis may understate indicators of potential fraud or error among borrowers whose IDR applications were approved based on reports of zero income, while other aspects may overstate indicators of potential fraud or error for these borrowers. Finally, as noted in the report, it is not possible to determine through data matching alone whether fraud or error occurred.

8. In GAO-16-196T, Key Weaknesses Limit Education's Management of Contractors, you noted that some servicers did not know how to interpret or apply income information and that the U.S. Department of Education failed to provide standard guidance on this information. Did you examine any guidance provided to student loan servicers on income verification and calculation or discrepancies in how servicers calculate income?

We reviewed IDR guidance that Education provided to student loan servicers, including on IDR income verification and calculation. However, because our review focused on borrowers whose IDR plans were approved based on reports of zero income, and borrowers who self-certify zero income are not required to submit supporting documentation, Education's guidance on calculating income for IDR purposes was generally not relevant to our June 2019 report. As a result, we did not specifically examine whether guidance on calculating income is still an issue for Education and its loan servicers.

However, we continue to monitor Education's progress in implementing a priority recommendation included in our November 2015 report (GAO-16-196T) for Education to review its methods of providing instructions and guidance to student loan servicers. Education agreed with this recommendation. Education reviewed its process for providing guidance to servicers and issued a few clarifications to servicers to help with consistency. As of October 2019, Education officials indicated that implementation of this recommendation was still in progress, pending completion of its Next Generation Financial Services Environment in fall 2021. In order to fully implement the recommendation, Education needs to demonstrate that this new servicing system will provide clear and consistent instructions and guidance to servicers to ensure program integrity and improve service to borrowers.

9. How many of the IDR applications flagged as abnormal based on family size were attributed to the servicer(s) not following the Department's voluntary procedure for borrowers who report an increase of four or more family members from one year to the next?

We do not have data to determine how many indicators of potential fraud or error in family size information may be attributable to loan servicers not following Education's voluntary procedure to contact borrowers who report changes in family size of four or

more from one year to the next. According to Education, this voluntary procedure took effect in June 2016. The data we obtained from Education are limited to Direct Loan IDR plans approved between January 1, 2016 and September 30, 2017. We did not obtain family size information for plans approved outside this window, which would be needed to determine how many plans approved based on atypical family sizes of 9 or more represented a change of four or more from one year to the next. For example, for borrowers that recertified their income and family size after the voluntary procedure took effect in June 2016, we do not have corresponding family size information for any plans approved prior to January 2016. Similarly, we do not have family size information for borrowers that recertified their income and family size information for any plans approved in October 2017 or later.

10. What was the difference in the number of abnormalities between users who employed the Internal Revenue Service Data Retrieval Tool (DRT) to determine their income and borrowers who used alternative documentation methods?

While borrowers who provided documentation of income would have been included in our analysis if their applications were approved based on reports of zero income, we did not specifically examine what type, if any, documentation borrowers in our population submitted. As discussed earlier, this is because borrowers with no taxable income may check a box on the application form indicating they (and their spouses, if applicable) currently do not have income or receive only untaxed income. They then self-certify the information is correct by signing the form and no additional documentation is required.

For borrowers who provided documentation of taxable income, Education's data contain information on whether the borrower submitted tax return information or alternative documentation. However, for borrowers whose plans were approved based on tax return information, the data do not distinguish whether borrowers used the IRS Data Retrieval Tool or provided a copy of their tax return.

11. Please provide the number of IDR applications with abnormalities, and the percentage of total applications with abnormalities, disaggregated by each servicer represented in your sample.

As discussed with your staff, answering this question will require new analysis and we will need to conduct a separate study to answer it. Ms. Melissa Emrey-Arras, the director assigned to lead the work, will contact Mr. Bryce McKibben to discuss the request, your needs, and the engagement objectives, scope and methodology in accordance with GAO's congressional protocols.

12. How many IDR applications were sent back to the U.S. Department of Education for further review, and what were the results of these reviews?

We are in the process of preparing data from the results of our income analysis for referral to Education's Office of Inspector General (OIG) for further investigation. We expect to send the referral in mid-November, and we will request that the OIG let us know the initial disposition of the referral within 90 days of receiving the letter and the final results of the inquiry. As indicated earlier, we are not referring family size results to Education for further investigation because they are based on the Department's own data, and therefore, it would be possible for Education to do further analysis related to this issue without additional information from GAO.

13. How do the recommendations of this report to enact new verification procedures compare to those of GAO-15-663, Education Could Do More to Help Ensure Borrowers Are Aware of Repayment and Forgiveness Options, which discussed ways to encourage IDR enrollment and the benefits to borrowers of encouraging enrollment?

We believe Education has an obligation both to provide borrowers with the information they need to make informed decisions about repayment options and to establish sufficient controls to detect and prevent fraud or errors in IDR plans. Both sets of recommendations are aimed at strengthening the Direct Loan program.

With regard to helping borrowers make informed decisions, in our August 2015 report (GAO-15-663), we recommended that Education take steps to consistently and regularly notify all borrowers in repayment about IDR plans, to help ensure that these plans serve their intended beneficiaries.⁵

With regard to establishing sufficient controls, we recommended in GAO-19-347 that Education obtain data to verify income information for borrowers reporting zero income on IDR applications and implement data analytic practices and follow-up procedures to review and verify borrowers' reports of zero income and family size entries on IDR applications.

14. Were any of the borrowers associated with the applications flagged with abnormalities contacted for their feedback and, if so, was such feedback incorporated into the findings or recommendations of the report?

We did not contact any borrowers included in our findings during the course of the review because it is GAO's practice not to contact directly the subjects who may be connected with an indicator of potential fraud or error, and instead make referrals to agencies for further investigation. In this regard, GAO defers this function to the purview of an agency's management and the cognizant Office of Inspector General (OIG).

We could not tell whether fraud or error had occurred based on data matching alone. Accordingly, throughout the report we refer to indicators of "potential" fraud or error. As mentioned earlier, we are referring the results of our income analysis to Education's OIG for further investigation. We are not referring family size results to Education since they are based on the Department's own data, and therefore, it would be possible for Education to do further analysis related to this issue without additional information from GAO. Education may obtain further information on atypical family sizes from borrowers as it implements our third recommendation to implement data analytic practices and follow-up procedures to verify borrowers' family size.

15. Were any complaints by borrowers submitted to federal or state agencies analyzed for issues related to income verification or family size?

Given the focus of this review on examining the extent to which Education verifies income and family size information in order to detect and prevent fraud and errors, we did not review borrower complaints to federal or state agencies.

⁵ GAO, *Federal Student Loans: Education Could Do More to Help Ensure Borrowers are Aware of Repayment and Forgiveness Options*, GAO-15-663 (Washington, D.C.: Aug. 25, 2015).