GAO U.S. GOVERNMENT ACCOUNTABILITY OFFICE

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

November 16, 2023

The Honorable Miguel Cardona
Secretary, United States Department of Education

Student Loans: Education Should Proactively Manage Fraud Risks in Any Future Debt Relief Efforts

Dear Secretary Cardona,

In August 2022, the Department of Education announced that, to address the heightened risk of delinquency and default caused by the COVID-19 pandemic, it would provide up to $20,000 of student loan debt relief to borrowers who met certain income thresholds. Borrowers eligible for this relief were to receive up to the full $20,000 in relief if they received a Pell Grant while in college, and up to $10,000 if they did not. In total, the Congressional Budget Office estimated that Education would have relieved around $430 billion of student loan debt for more than 31 million federal student loan borrowers.[1] To be eligible, borrowers with qualifying federal loans must have had an annual adjusted gross income in 2020 or 2021 below certain thresholds. In November 2022, as a result of court orders, Education ceased work on the student loan debt relief program.[2] In June 2023, the U.S. Supreme Court held that the debt relief program was not authorized under the Higher Education Relief Opportunities for Students Act of 2003 (HEROES Act).[3] As a result, Education was not able to implement the program. The Biden administration subsequently announced plans to use the department's authority under the Higher Education Act of 1965, as amended, (HEA) to pursue an alternative path to debt relief for borrowers.

Little was known about the policies and procedures Education had in place to manage fraud risk in the original debt relief program when it ceased work on the program.[4] In addition, Education

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[1]Congressional Budget Office, *Costs of Suspending Student Loan Payments and Canceling Debt,* (Washington, D.C.: Sept. 26, 2022). The Congressional Budget Office assumed that 90 percent of the estimated 35 million federal student loan borrowers who met income eligibility thresholds would have applied for and received debt relief.

[2]On November 10, 2022, a district court in Texas issued a ruling vacating the debt relief program. *Brown v. U.S. Dep't of Educ.,* 640 F. Supp. 3d 644 (N.D. Tex. 2022). On November 14, 2022, in a separate lawsuit, the 8th Circuit Court of Appeals issued an emergency injunction pending appeal, temporarily suspending the program. See *Nebraska v. Biden*, 52 F.4th 1044 (8th Cir. 2022). As a result of these court orders, Education ceased all work on the debt relief program, including fraud mitigation efforts. These cases were ultimately appealed to the Supreme Court.

[3]*Biden v. Nebraska*, 143 S. Ct. 2355 (2023). When Education announced the debt relief program, it stated it was relying on authority provided to the Secretary of Education under the HEROES Act. See 87 Fed. Reg. 61,512 (Oct. 12, 2022). In the other case before the U.S. Supreme Court, the Court held that the parties challenging the debt relief program in that case lacked standing, and the Court did not address the merits of the parties' arguments challenging the debt relief program. *Dep't of Educ. v. Brown*, 143 S. Ct. 2343 (2023).

[4]Fraud and fraud risk are distinct concepts. Fraud—obtaining something of value through willful misrepresentation—is a determination to be made through the judicial or other adjudicative system, and that determination is beyond management's professional responsibility. Fraud risk exists when individuals have an opportunity to engage in

GAO-24-107142 Student Loans

is still in the early stages of designing its new debt relief effort, so the details of the new program are still being developed.[5]

We performed this work under the authority of the Comptroller General to conduct evaluations of programs carried out by the government and in light of extensive congressional interest in this topic. The goal of this work is to provide feedback on Education's originally proposed debt relief program to inform any future efforts. Specifically, we assessed the extent to which Education's policies and procedures would have mitigated certain types of fraud risk in the originally proposed student loan debt relief program and reviewed key aspects of Education's fraud risk management in the program. As such, this report is not intended to be an all-inclusive look at the department's approach to fraud risk management, nor do we opine on Education's legal authority to develop and implement a debt relief program in the future.

To examine Education's fraud risk policies and procedures related to the original debt relief program, we analyzed fraud risk documentation that Education developed prior to ceasing work on the program.[6] We also analyzed the assumptions Education used to select which borrowers would be required to provide additional income documentation. This included reviewing Education's use of aggregate data about the income distribution of borrowers to identify who it would ask to submit this additional documentation. In addition, we interviewed Education officials with knowledge of the debt relief program and fraud risk management. We assessed these findings against federal internal control standards related to fraud risk management, including the design and implementation of evaluations and response to programmatic risks. We also assessed our findings against leading practices in our *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework) related to risk assessment, implementation, and evaluation.[7]

We conducted this performance audit from January 2023 to September 2023 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

This product is a public version of a report GAO previously issued that included information that was designated controlled unclassified information (CUI) by Education. Information that Education deemed as CUI has been omitted from this report.

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fraudulent activity, have an incentive or are under pressure to commit fraud, or are able to rationalize committing fraud.

[5]Recently, on August 31st, Education published a notice in the Federal Register seeking nominations for a negotiated rulemaking committee to develop regulations related to the modification, waiver, release, or compromise of Federal student loans by the department.

[6]The focus of this report is on Education's policies and procedures for preventing fraud by verifying that borrowers met the income eligibility requirements for relief. According to Education documents, the department also made efforts to address fraud risk to borrowers from third-party perpetrators, such as through identity theft, but these efforts are beyond the scope of the report.

[7]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014). GAO, *A Framework for Managing Fraud Risks in Federal Programs*, GAO-15-593SP (Washington, D.C.: July 28, 2015). Federal agencies are required to follow the standards and practices laid out in these documents by law and related Office of Management and Budget guidance.

Background

Timeline. On August 24, 2022, Education announced a new student loan debt relief program. The department reported that this relief would address the financial harms of the COVID-19 pandemic by helping borrowers as they prepared to resume student loan payments after a nearly three-year, pandemic-related pause.[8] Education began accepting applications for debt relief in October 2022, but ceased work on the program in November 2022 in response to court orders.[9] (See Fig. 1.) As of November 2022, Education had approved more than 16 million borrowers for relief. However, Education did not relieve any approved borrowers' debts and stopped accepting and processing applications as of November 2022.

On June 30, 2023, the Supreme Court held that the debt relief program was not authorized under the HEROES Act; as a result, Education was not able to implement the original program.[10] That same day, Education announced on its website that the department would pursue a new debt relief program using its authority under HEA. On July 6, 2023, Education posted a notice to the Federal Register that it would pursue negotiated rulemaking relating to regulations for the Federal Student Aid programs authorized under Title IV of HEA.[11] As of July 2023, Education is in the earliest stages of the negotiated rulemaking process that will develop policy for the new debt relief program.
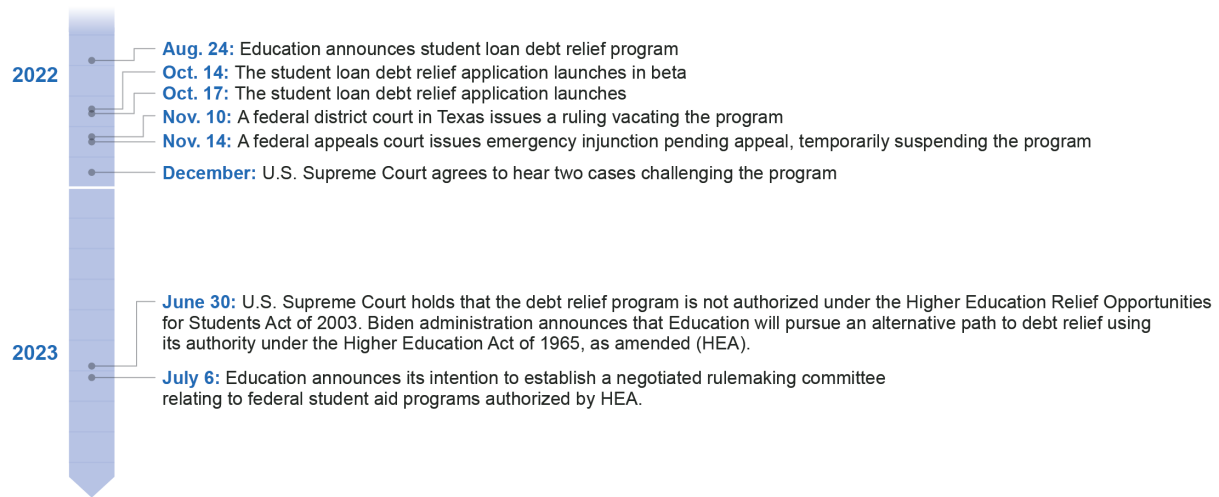
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[8]In response to the COVID-19 pandemic, on March 27, 2020, the CARES Act was enacted, which suspended federal student loan payments due, interest accrual, and involuntary collections for most student loans through September 30, 2020. The act provided that these months without payments also count as qualifying payments for the purpose of federal student loan rehabilitation and forgiveness programs, including IDR forgiveness. Pub. L. No. 116-136, § 3513, 134 Stat. 281, 404-05 (2020). Education implemented this COVID-19 emergency relief for federal student loans retroactively to March 13, 2020, the date COVID-19 was declared a national emergency. The pause has since been extended numerous times through administrative actions, most recently on November 22, 2022. On June 3, 2023, the Fiscal Responsibility Act of 2023 was enacted, which provided that the pause described in the Federal Register on October 12, 2022, and extended in an announcement on November 22, 2022, would expire 60 days after June 30, 2023.

[9]In November 2022, Education announced an extension of the pause on student loan repayment, interest, and collections following issuance of the court orders blocking implementation of the debt relief program.

[10]*Biden v. Nebraska*, 143 S. Ct. 2355 (2023).

[11]88 Fed. Reg. 43,069 (July 6, 2023). When proposing new regulations for federal student aid programs authorized under Title IV of the Higher Education Act of 1965, Education is required to engage in negotiated rulemaking with representatives of parties who will be affected significantly by the new regulations. Education organizes a series of meetings with these representatives to develop proposed regulations, which are then published in the Federal Register for comment by the public.

GAO-24-107142 Student Loans

Figure 1: Timeline of Key Events in Original Student Loan Debt Relief Program

2022
- **Aug. 24:** Education announces student loan debt relief program
- **Oct. 14:** The student loan debt relief application launches in beta
- **Oct. 17:** The student loan debt relief application launches
- **Nov. 10:** A federal district court in Texas issues a ruling vacating the program
- **Nov. 14:** A federal appeals court issues emergency injunction pending appeal, temporarily suspending the program
- **December:** U.S. Supreme Court agrees to hear two cases challenging the program

2023
- **June 30:** U.S. Supreme Court holds that the debt relief program is not authorized under the Higher Education Relief Opportunities for Students Act of 2003. Biden administration announces that Education will pursue an alternative path to debt relief using its authority under the Higher Education Act of 1965, as amended (HEA).
- **July 6:** Education announces its intention to establish a negotiated rulemaking committee relating to federal student aid programs authorized by HEA.

Source: GAO analysis of student loan debt relief program documentation. | GAO-24-107142

Eligibility for Original Relief Program. Education's student loan debt relief program would have provided eligible borrowers with up to $20,000 in relief if they had previously received a Federal Pell Grant, and up to $10,000 if they had not.[12] Borrowers were eligible for this relief if they had qualifying loans and their adjusted gross income in 2020 or 2021 was less than $125,000 for individuals or $250,000 for married couples filing jointly.[13] Qualifying loans included Direct Loan Program loans, Federal Family Education Loan Program loans and Perkins Loan Program loans held by Education, and defaulted loans.[14] To qualify, the loans must have been disbursed on or before June 30, 2022.

Leading Practices for Managing Fraud Risks in Federal Programs. Fraud poses a significant threat to the integrity of federal programs and erodes public trust in government. We have previously reported that the public health crisis, economic instability, and increased flow of federal funds associated with the COVID-19 pandemic have expanded opportunities for fraud.[15] The heightened fraud risks and prevalence of fraud in various relief programs during the COVID-19 pandemic underscore the imperative for federal agencies to manage fraud risks strategically. Managers of federal programs may perceive a conflict between their priorities to fulfill the program's mission, such as quickly and efficiently disbursing funds or providing

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[12]No borrower could receive loan relief of more than these amounts or their outstanding loan balance, whichever was lesser. To be eligible for a Federal Pell Grant, undergraduate students must display exceptional financial need and typically must have not earned a bachelor's, graduate, or professional degree.

[13]Specifically, borrowers were eligible for debt relief under the program if in 2020 or 2021 they filed taxes individually or separately and had an adjusted gross income (AGI) of less than $125,000; were married, filed taxes jointly, and had an AGI of less than $250,000; or filed as a qualifying widow(er) and had an AGI of less than $250,000.

[14]This included Subsidized Loans, Unsubsidized Loans, and PLUS Loans made to graduate students or parents of dependent undergraduate students. Consolidation Loans were eligible as long as the borrower applied for consolidation before September 29, 2022.

[15]GAO, *Emergency Relief Funds: Significant Improvements Are Needed to Address Fraud and Improper Payments*, GAO-23-106556 (Washington, D.C.: Feb 1, 2023); and *Fraud Risk Management: Key Areas for Federal Agency and Congressional Action*, GAO-23-106567 (Washington, D.C.: Apr. 13, 2023).

services to beneficiaries, and taking actions to safeguard taxpayer dollars from improper use.[16] However, proactively managing fraud risks can help facilitate the program's mission and strategic goals by ensuring that taxpayer dollars and government services achieve their intended purposes.

To help federal program managers strategically manage their fraud risks during both normal operations and emergencies, we published the Fraud Risk Framework in July 2015.[17] The Fraud Risk Framework describes leading practices in four components for effectively managing fraud risks: commit, assess, design and implement, and evaluate and adapt (see fig. 2). More specifically, the Fraud Risk Framework states that to manage fraud risks effectively, managers should design and implement specific control activities to prevent and detect potential fraud, such as documenting policies and processes.[18] Additionally, the Fraud Risk Framework states that preventive activities generally offer the most cost-effective investment of resources. Therefore, effective managers of fraud risks focus their efforts on fraud prevention in order to avoid a costly "pay-and-chase" model, to the extent possible.[19]

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[16]GAO-23-106567.

[17]GAO-15-593SP.

[18]After GAO issued the Fraud Risk Framework in July 2015, the Fraud Reduction and Data Analytics Act of 2015 was enacted in June 2016. This act required the Office of Management and Budget (OMB) to establish guidelines for federal agencies to create controls to identify and assess fraud risks and to design and implement antifraud control activities. The act further required OMB to incorporate the leading practices from GAO's Fraud Risk Framework in these guidelines. Later in its 2016 Circular No. A-123 guidelines, OMB affirmed that managers should adhere to the leading practices identified in the framework. Finally, in October 2022, OMB issued a Controller Alert that reminds federal agencies that they should adhere to leading practices in GAO's Fraud Risk Framework as part of their efforts to effectively design, implement, and operate an internal control system that addresses fraud risks—including fraud risks that do not rise to the level of enterprise-wide risks.

[19]"Pay-and-chase" refers to the practice of detecting fraudulent transactions and attempting to recover funds after payments have been made.

Figure 2: The Fraud Risk Framework

The Fraud Risk Framework

Commit — Commit to combating fraud by creating an organizational culture and structure conducive to fraud risk management

Assess — Plan regular fraud risk assessments and assess risks to determine a fraud risk profile

Design and implement — Design and implement a strategy with specific control activities to mitigate assessed fraud risks and collaborate to help ensure effective implementation

Evaluate and adapt — Evaluate outcomes using a risk-based approach and adapt activities to improve fraud risk management

Center: Prevention, Detection, Response

Outer ring: Monitoring and feedback / ENVIRONMENT

Source: Adapted from GAO-15-593SP. | GAO-24-107142

This report focuses on three components of the Fraud Risk Framework:
1. **Assess**: assess the likelihood and impact of fraud risks and determine risk tolerance and examine the suitability of existing controls, and prioritize residual risks.
2. **Design and implement**: develop, document, and communicate an antifraud strategy, focusing on preventive control activities.
3. **Evaluate and adapt**: collect and analyze data from reporting mechanisms and instances of detected fraud for real-time monitoring of fraud trends, and use the results of monitoring, evaluations, and investigations to improve fraud prevention, detection, and response.

Education Began Approving Borrowers for Relief without Implementing Key Procedures to Prevent Fraud

Education developed two processes to assess borrower incomes and account for fraud risks, but did not implement key procedures to further identify and prevent potential fraud. For example, the department approved millions of applicants before fully implementing processes to review and evaluate fraud risk, such as collecting income information from the other borrowers it had selected for verification or assessing the borrowers it had approved. In addition, the

department automatically approved some borrowers based on self-reported data, without conducting any additional assessment of borrower risk. Education approved certain borrowers without implementing key procedures for mitigating fraud, which heightened the risk that the program could provide relief to ineligible borrowers.

<u>Education Incorporated Some Fraud Prevention Components into the Program Design</u>

Education developed two parallel processes to assess borrower eligibility for debt relief. Department officials characterized these processes as risk-based approaches that aimed to both detect potentially ineligible borrowers and minimize the burden on applicants. The first process, which affected most borrowers, relied on an application process where borrowers self-attested to meeting eligibility requirements and incorporated some additional safeguards to help identify and prevent fraud.

Application process: Most borrowers had to submit an application attesting that their incomes were below the relevant eligibility threshold for receiving debt relief (see enclosure II). Education's application process relied on three key interconnected mechanisms to prevent fraud: attestation, verification, and review. (See fig. 3.)

1. **Attestation**: Applicants self-attested under penalty of perjury that their income was below the relevant threshold in either 2020 or 2021.[20]

2. **Verification**: Education used a risk-based approach to target income verification requirements to certain applicants that were likely to exceed the income eligibility threshold.[21] This approach used data associated with post-enrollment earnings and aggregate income data to estimate the likelihood that applicants exceeded the relevant income eligibility threshold. Selected applicants would have been required to submit tax documentation to verify their income.[22] A month after the program launched, Education ceased work on the program in response to court orders. During this time period, Education had not yet collected income information from any selected borrowers.

3. **Review**: Education would have reviewed the tax documentation from selected applicants to determine if they were eligible.

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[20]Our previous reporting on Income-Driven Repayment plans shows that the threat of penalty is not sufficient to deter borrowers from misrepresenting their income. GAO, *Federal Student Loans: Education Needs to Verify Borrowers' Information for Income-Driven Repayment Plans*, GAO-19-347 (Washington, D.C.: June 25, 2019).

[21]Education's application process also identified dependent borrowers, whose parents or guardians would need to attest to their own income meeting eligibility requirements in order for the borrowers to receive relief.

[22]Borrowers selected to provide income documentation would have been required to submit either a 2020 or 2021 IRS Form 1040 (tax return) or an IRS Tax Return Transcript. If borrowers did not file taxes in either 2020 or 2021, they would have been required to submit an IRS Verification of Non-filing Letter.

GAO-24-107142 Student Loans

Figure 3: Overview of Department of Education Application Process for Original Student Loan Debt Relief Program
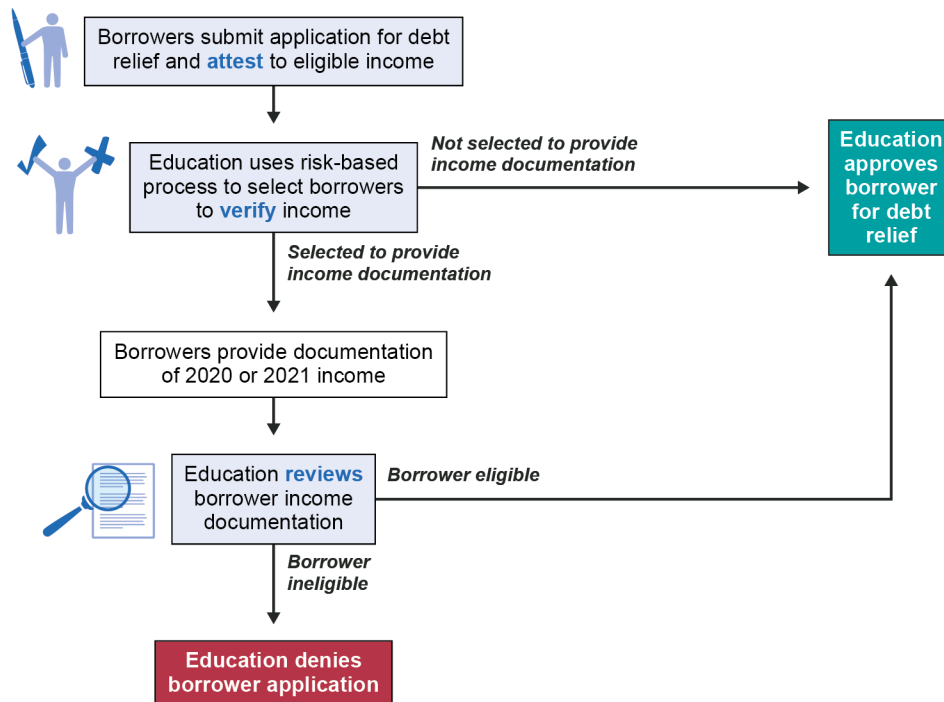
Source: GAO analysis of Department of Education (Education) income verification documentation. | GAO-24-107142

Note: This figure represents the process Education would have followed if it had been allowed to implement the program. Due to court orders, Education did not relieve any approved borrowers' debts and stopped accepting and processing applications. In June 2023, the U.S. Supreme Court held that the debt relief program was not authorized under the Higher Education Relief Opportunities for Students Act of 2003. As a result, Education was not able to implement the program.

The second process for assessing eligibility was an automatic process Education developed for borrowers who had recently reported income information to the department.

Automatic approval process: Education used income information it had on hand to automatically approve some borrowers for relief, rather than requiring that they submit an application, if their reported income was below the relevant threshold. Specifically, Education used data for borrowers who submitted 2020 or 2021 income information when completing the Free Application for Federal Student Aid (FAFSA) or enrolling in or recertifying income for an Income-Driven Repayment plan.[23] Borrowers who were automatically approved for relief were not required to submit an application and were not subject to additional income verification checks.

As of November 2022, when Education ceased work on the program in response to court orders and prior to relieving any loan debt, more than 26 million borrowers had applied for or were deemed automatically eligible for relief, and the department had approved more than 16 million

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[23]FAFSA allows college and graduate students to apply for federal grants, loans, and work-study funding. Income-Driven Repayment plans ease repayment burden by setting monthly loan payments that are based on a borrower's income and family size, and by extending the repayment period up to 20 or 25 years, depending on the plan. There is a variety of Income-Driven Repayment plans, and these plans have differences in eligibility requirements, how monthly payment amounts are calculated, and repayment periods before potential loan forgiveness.

of these borrowers for relief. (See fig. 4.) Education had also selected 790,000 applicants for further review based on the likelihood that their incomes might exceed the eligibility threshold.[24] However, Education did not relieve any approved borrowers' debts.

Figure 4: Status of Original Student Loan Debt Relief Program as of November 2022
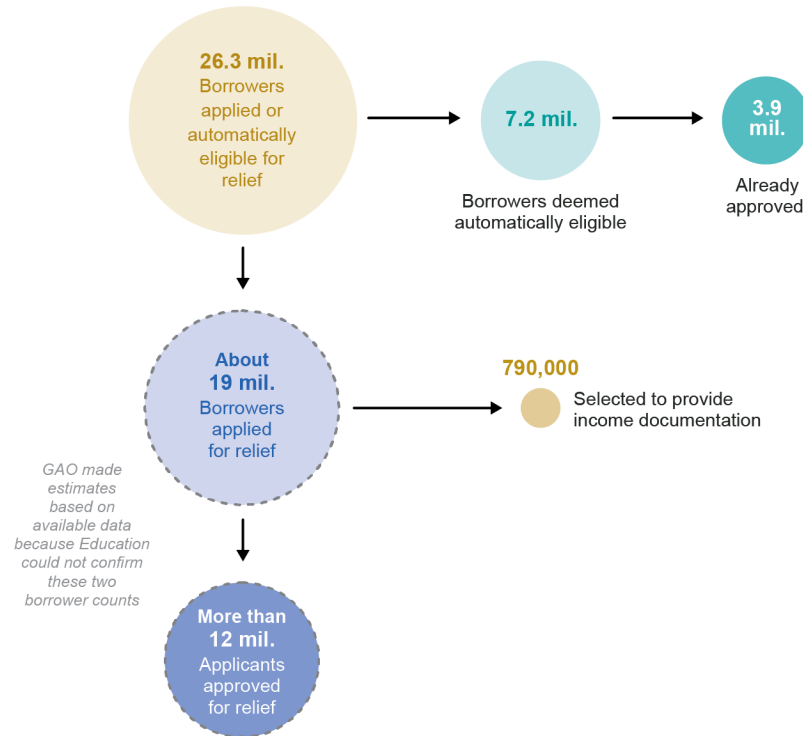
Source: GAO analysis of Department of Education and White House documentation. | GAO-24-107142

Note: Education did not relieve any approved borrowers' debts due to court orders. Some numbers may not sum due to rounding.

According to Education officials, the department designed its fraud mitigation efforts with the goal to prevent ineligible borrowers from receiving relief, while avoiding administrative burdens that might prevent eligible borrowers from accessing relief. Underlying this effort was the department's assessment that the debt relief program was at relatively low risk for fraud, according to Education officials. According to Education documents, about 2 percent of borrowers had incomes above the eligibility threshold in both 2020 and 2021. In addition, Education officials said they designed the program to primarily modify the loan balances of eligible borrowers, rather than provide them cash payments, which further mitigated the risk of fraud.[25] According to Education documents, relieving the debt of borrowers rather than making

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[24]Education also identified 720,000 applicants that were dependent students and for whom eligibility for relief depended on their parents' income. Education planned to request income-attestations from the applicants' parents before continuing to process their applications for relief.

[25]Eligible borrowers who made payments during the student loan payment pause and had an outstanding loan balance of less than the $10,000 or $20,000 of relief for which they were eligible would have received a refund of the payments made during the payment pause up to the amount of debt relief to which they would be entitled. However, most borrowers did not make payments during the pause and would not have received a payment when Education granted them debt relief. For instance, Education estimated that about 8.4 million borrowers made at least one payment between April 2020 and September 2021. However, if borrowers' outstanding balance was above the amount for which they were eligible, they would not have received a refund for this payment.

cash payments would limit the possibility of widespread identity theft and other types of fraud from individuals without existing loans. Education documents and our analysis indicate that the department intended for its application process to further reduce the potential rate of fraud to less than 1 percent of all borrowers, if the application process and safeguards worked as designed once they were eventually implemented.

Even with these mitigating factors, the sheer size of the program coupled with the potential cost to the federal government should influence how fraud risk is assessed, according to the Fraud Risk Framework.[26] Put another way, even if the program had a relatively low risk of providing debt relief to borrowers engaging in fraud, as asserted by Education, the scale of the program—with the possibility of an estimated $430 billion of relief going to over 31 million borrowers—rendered it inherently at risk for fraud and necessitated effective fraud risk management.

<u>Education Began Approving Borrower Applications without Evaluating the Effectiveness of its Fraud Mitigation Efforts</u>

Education planned to provide relief to millions of borrowers before it evaluated the outcomes of its application process for the applicants it selected for further review or those that it already approved. While the application process relied on a potentially effective system for detecting and preventing fraud, it was also complex and untested. Given the speed at which Education designed and initiated this new process, it was necessary for the department to have key procedures in place to evaluate and ensure that all safeguards were working as intended. For instance, Education's documentation acknowledged that the speed of the debt relief initiative might have resulted in errors.

- **Applicants selected for income verification.** At the time Education ceased work on the program in response to court orders, Education had not yet implemented the third stage of its application process—the review stage—for examining tax documentation from selected borrowers. While the department had drafted review procedures and training materials for contractors tasked with this review, Education had not yet collected or reviewed income tax documentation from any of the 790,000 borrowers it selected at the time it ceased work on the program. These are the borrowers that Education identified as likely to have incomes that exceeded the eligibility threshold.

  The review stage would have been critical for mitigating fraud because it would have served as both a check for selected borrowers and an evaluation tool for assessing the overall process. However, without such a review stage, Education could not evaluate whether it was effectively selecting applicants for income verification. Education officials said that they moved ahead with approving borrowers before performing these reviews because they wanted to approve as many eligible borrowers for debt relief as possible before they needed to resume loan payments.[27] These officials said that the department was phasing in the program in stages and chose to focus initially on processing approvals of applicants not selected for income verification, while setting aside applicants selected for income verification until they provided income documentation.

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[26]GAO-15-593SP.

[27]At the time Education announced the debt-relief program application, borrowers were due to resume payments in January 2023, approximately 4 months after the department began accepting applications.

In addition, Education's documentation indicated that the department would tolerate some risk of providing debt relief to borrowers engaging in fraud.[28] Therefore, Education did not take steps to implement the critical review stage before it ceased work on the program in November 2022.

- **Applicants approved for relief.** Education did not have procedures in place to evaluate the accuracy of the process it had used to approve an estimated 12 million-plus applicants for relief.[29] Education approved these applicants because the department's risk-based selection process did not select them for income verification. However, Education did not fully evaluate whether this risk-based approach for selecting borrowers for review was an effective tool for detecting and preventing fraud.

  Additionally, Education followed some but not all of the leading practices for design and implementation in our Fraud Risk Framework when developing its process, which undermined its ability to strategically manage fraud risks. For example, Education did not develop formal written summaries of its plans that fully explained its income verification process. This made it difficult for Education or us to verify whether the process aligned with its original specifications or if the borrowers Education approved actually had qualifying incomes.

Education's system for preventing fraud in the application process would not work if any of the key pillars was missing. Federal internal control standards dictate that managers should conduct evaluations to determine the effectiveness of controls and to identify potential issues.[30] Similarly, our Fraud Risk Framework states that managers should monitor and evaluate fraud-risk management activities with a focus on measuring outcomes. Education's documentation for the program acknowledged the importance of evaluations. This documentation stated that once the application process was fully implemented, the department would assess the outcomes of the process and potentially make adjustments.

As a result, these evaluations could potentially have occurred too late. That is, the estimated over 12 million borrowers who applied and were approved for relief could have received relief before Education fully tested its processes and preventative fraud controls to ensure they were appropriately mitigating the risk of fraud.

Education had options for quickly implementing evaluation checks on its application process without imposing excessive delays or burdens on borrowers. For example, the department could have worked with the Internal Revenue Service (IRS) to crosscheck a sample of approved borrowers to measure the effectiveness of its income verification process. In addition, Education could have quickly implemented its plans for the review process and begun reviewing tax documentation for an initial batch of selected borrowers to have assurances that its selection process worked. However, moving forward without these evaluative checks for this complex and untested process would have heightened fraud risk. For instance, there might have been increased risk that Education would provide relief to ineligible borrowers.

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[28]The Fraud Risk Framework lists determining a fraud risk tolerance as a leading practice in effectively managing fraud risk. GAO-15-593SP.

[29]Education could not confirm certain counts of borrowers or applications, so we developed estimates based on available data.

[30]GAO-14-704G.

Building on its experience with the original debt relief program, Education should include evaluation checks for any similar future efforts. Without these checks, Education will not be able to ensure that its systems are effectively preventing ineligible borrowers from receiving relief.

<u>Education Did Not Implement Adequate Checks for Potential Fraud when Automatically Approving Certain Borrowers</u>

Education planned to automatically approve more than 2 million borrowers for relief based solely on their self-reported income, without any additional verification checks. Education used income information it had obtained through FAFSA and Income-Driven Repayment plans to automatically approve some borrowers for relief, rather than requiring these borrowers to submit an application. For about 5 million of the 7.2 million borrowers that Education designated as eligible for automatic approval, Education relied on borrower information sourced from IRS income data. However, over 2 million borrowers self-reported their income information when completing their FAFSA or enrolling in their repayment plan. Specifically:

- **FAFSA**: Education designated 1.9 million borrowers eligible for automatic debt relief based on self-reported 2020 or 2021 income in their FAFSA application.[31] When completing the FAFSA application, borrowers have the option to manually write in income information rather than importing the information directly from IRS.[32] Further, during the COVID-19 pandemic, Education suspended all verification checks on FAFSA applications, except for confirming an individual's identity.[33] Therefore, Education had no planned process to ensure the accuracy of the income information provided by these 1.9 million borrowers prior to granting them debt relief.

  In addition, Education previously determined that some individuals submitting FAFSA applications underreport their income when compared to tax documentation. For example, in an analysis of 2018–2019 FAFSA data, Education reported that about 10 percent of borrowers who manually input their income underreported it.[34]

- **Income-Driven Repayment**: Education designated 180,000 borrowers as eligible for automatic approval based on the income information that the borrowers self-reported

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[31]Education officials told us that they provided borrowers designated as eligible for automatic approval the option to opt out of relief but that court orders required Education to cease work on the program before the opt out deadline. At that time, Education had approved 940,000 of the 1.9 million borrowers whose FAFSA information Education used to designate them eligible for automatic debt relief, and Education officials told us that they planned to automatically approve the remaining eligible borrowers who did not opt out if the program restarted. Officials said that at the time Education ceased work on the program, around 1,000 borrowers had opted out of relief.

[32]When completing the FAFSA, applicants have the option to use the IRS Data Retrieval Tool, which electronically transfers federal tax return information into the FAFSA form. The manual option ensures FAFSA applicants are able to provide income information when the IRS Data Retrieval Tool may not be available (e.g., the IRS would not have data for an applicant who had never worked or filed taxes).

[33]Prior to the suspension, Education's system that processes FAFSA applications used database matching and computerized editing techniques to confirm student eligibility for federal student aid and to target error-prone applications for verification. During the verification process, applicants must submit additional documentation to their school that verifies their household size, adjusted gross income, and certain untaxed income, among other items.

[34]Department of Education, *FAFSA/IRS Data Statistical Study: 2018-2019 Pell Award Cycle Analysis Report,* (Washington, D.C.: Aug. 2020). That study reported that on average, borrowers who underreported their income did so by about $17,500. In addition, the study reported that about 10 percent of borrowers who manually inputted their information over-reported their incomes when submitting information for FAFSA.

while enrolling in or recertifying an Income-Driven Repayment plan.[35] During the COVID-19 pandemic, Education temporarily eased reporting requirements for Income-Driven Repayment plans and allowed borrowers to self-certify their income. This temporary change meant that borrowers could report their income with no checks on whether they provided accurate information. We have previously reported on discrepancies in the income information reported in Income-Driven Repayment certifications.[36]

Education officials said they based automatic approvals on income information that borrowers self-reported on FAFSA and Income-Driven Repayment forms prior to the announcement of the debt relief program. Therefore, according to officials, it was unlikely that borrowers would have underreported their incomes for the purposes of receiving debt relief since they would not yet have known about the income eligibility thresholds. However, borrowers already had other incentives for underreporting their income to receive favorable benefits through FAFSA (e.g., Pell Grants, subsidized loans) or Income-Driven Repayment plans (e.g., lower monthly payments). Regardless of borrower intent, Education relied on self-reported data to automatically approve borrowers for relief, which increased the overall fraud risk for the debt relief program.

Education did not use fraud mitigation tools, such as the verification or review stages that are part of the application process, to verify these borrowers' self-reported income before automatically approving them for relief. As previously mentioned, the verification and review stages were critical for mitigating the risk that Education could provide relief to ineligible borrowers. Officials decided to use income information on file for these borrowers, despite the risk these information sources introduced to the debt relief program, because requiring additional verifications would have created burdens on borrowers and the department, according to Education documentation. However, Education had already developed a selection process that approved many borrowers without the need for additional income documentation. Extending that risk-based approach to borrowers with self-reported income information would not have been particularly burdensome for the majority of these borrowers or for Education, but would have provided greater assurance that these borrowers were eligible for relief.

As we reported in 2020, reliance on applicant self-certifications can leave a program vulnerable to exploitation by those who wish to circumvent eligibility requirements.[37] Our Fraud Risk Framework states that management should take steps to verify reported information, particularly self-reported data and other key data that is necessary to determine eligibility.[38] In addition, federal internal control standards state that management should analyze and respond to identified fraud risks in order to mitigate them.[39] Without verifying income information borrowers provided for FAFSA and Income-Driven Repayment plans, Education planned to automatically approve more than 2 million borrowers without assurance that these borrowers accurately reported their income, which heightened the risk of providing debt relief to borrowers engaging

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[35]At the time Education ceased work on the program, it had already approved 100,000 of the 180,000 borrowers.

[36]In previous reporting, we found potential issues with the accuracy of this income information. For example, we found some borrowers incorrectly stated they had zero income. Education has yet to completely implement the three recommendations we made to address these issues. GAO-19-347.

[37]GAO, *Aviation: FAA Needs to Better Prevent, Detect, and Respond to Fraud and Abuse Risks in Aircraft Registration*, GAO-20-164 (Washington, D.C.: Mar. 25, 2020).
[38]GAO-15-593SP.

[39]GAO-14-704G.

in fraud. In addition, Education could incur similar risks if it relies on self-certification in any future debt relief efforts.

Conclusions

Agencies should manage fraud risks proactively through preventative controls. However, Education approved borrowers without ensuring that it was applying key safeguards to identify ineligible borrowers and prevent fraud. For instance, Education approved millions of borrowers before reviewing selected borrowers' incomes or assessing the results of its application process. Conducting these reviews would have provided Education assurance that the process had worked as intended and was catching potentially ineligible applicants.

In addition, Education sought to expedite approvals for millions of borrowers by approving them automatically, but relied solely on self-reported data for more than 2 million of these borrowers. By not addressing the risks of self-reported data, Education left the door open to the possibility of some ineligible borrowers receiving relief based on fraudulent data.

Even though Education assessments showed the potential fraud in the original debt relief program was relatively low, the program's size—with the possibility of an estimated $430 billion of relief going to over 31 million borrowers—rendered it inherently at risk for fraud and necessitated effective fraud risk management. Since Education is in the earliest stages of the process that will develop a new debt relief program, it is crucial that the department commit to fraud risk management in any future program it pursues. The department should broadly apply lessons learned from the original program, and implement robust risk-based controls before providing relief to any borrowers.

Recommendations for Executive Action

We are making the following three recommendations to Education:

- The Secretary of Education should incorporate robust evaluations of fraud risk management activities into any future debt relief efforts before approving borrowers for relief. This could involve partnering with IRS to cross-check incomes of approved borrowers. (Recommendation 1)

- The Secretary of Education should fully implement all stages of its fraud risk management plans for any future debt relief efforts before approving borrowers for relief. (Recommendation 2)

- The Secretary of Education should implement controls to avoid relying solely on self-reported data in any future debt relief efforts. (Recommendation 3)

Agency Comments and Our Evaluation

We provided a draft of this report to Education for review and comment. Its comments are re-produced in enclosure I and summarized below. Education also provided technical comments, which we incorporated as appropriate.

In its comments, Education partially concurred with all three of our recommendations and reiterated the steps it undertook to address fraud risk in the debt relief program. In addition, Education stated that the department's fraud risk prevention processes were still evolving when

it suspended work on the program due to court orders. For instance, Education wrote that it had planned to address some of the gaps we identified in our report, such as implementing steps to evaluate outcomes of the verification and review process, had the program been allowed to continue. We acknowledge in the report that Education ceased work on the program in response to court orders, including any fraud management activities. However, prior to this stoppage Education was moving to grant relief to millions of borrowers before it implemented important safeguards. At that time, Education had already approved over 16 million borrowers for relief. Education officials said they intended to provide relief to as many borrowers as possible before borrowers were due to resume repayment.

Under Education's originally planned phased rollout of its fraud management strategies, millions of borrowers would have received relief before Education had a chance to evaluate its fraud management processes and make any potential adjustments. Once Education had the safeguards in place to identify any problems it would have been after it provided relief to these borrowers, and Education would have needed to claw back relief from borrowers who were improperly provided relief via a "pay-and-chase" model.

Education also wrote that some aspects of our recommendations could be time-intensive, costly, and overly burdensome. In addition, Education wrote that the program had a low risk for fraud because it targeted known borrowers, provided debt relief rather than cash payments, and few borrowers were ineligible due to income. However, the safeguards we recommend are essential to ensuring integrity in any future program. Furthermore, if Education takes proactive steps to integrate our recommendations into any future debt relief efforts, delays should be minimal. Similarly, the cost and burden associated with these recommended preventive safeguards is appropriate and a cost-effective use of resources given the expected size of the program. For instance, CBO estimated the original debt relief program would provide $430 billion of relief to over 31 million borrowers, and the Fraud Risk Framework states that preventive activities generally offer the most cost-effective investment of resources. Even if the program had a relatively low risk of providing debt relief to borrowers engaging in fraud, as asserted by Education, the scale of the program rendered it inherently at risk for fraud and necessitated effective fraud risk management. Given the potential scale of a future debt relief effort, along with the complexity of Education's process for flagging applicants for income verification and the relative lack of documentation of that process, it is imperative that Education implement these additional safeguards to mitigate the risk of providing relief to ineligible borrowers. We address Education's related comments about our specific recommendations below.

Education partially concurred with our first recommendation and agreed with the need to incorporate robust evaluations of fraud risk management activities into any future debt relief efforts. However, Education wrote that our suggestion to crosscheck incomes of approved borrowers was unnecessarily burdensome because it had incorporated similar assessments into its initial selection process for income verification. Yet, Education was unable to provide reasonable assurance that its approach for approving borrowers had worked as intended. Education did not provide us sufficient documentation to verify whether it executed its complex new processes for selecting borrowers for income verification accurately and effectively. Without assurance that its approach works as intended, an additional safeguard is necessary to determine if the borrowers Education approves actually have qualifying incomes. As we suggest in the report, Education could work with IRS to quickly assess a sample of approved borrowers, to determine whether Education's fraud management processes are effective.

Next, Education partially concurred with our second recommendation to fully implement all stages of its fraud risk management plans for any future debt relief efforts. However, the department disagreed with our assertion that all of these stages needed to be in place before it began providing relief to borrowers. As we noted in the report, Education's fraud risk management process only works properly when all its major pillars are in place. However, Education was planning to provide relief to millions of borrowers before implementing the review stage, one of three primary stages in the department's application process. This review stage would have provided a critical check on the process as Education provided relief, and would have provided further assurance that Education's fraud management processes were working as intended. The department also wrote that our report suggests that it needed to review supplemental tax documentation from all selected high-risk applicants prior to approving any borrowers for relief. That was not the intent of our recommendation, and we have adjusted language in the report to make it clear that Education should wait on providing relief until it has reviewed sufficient borrower documentation to have reasonable assurance its process for flagging borrowers is working. This would ensure that the review stage provides an effective and essential evaluative check on the program without being overly costly or time-intensive.

Last, Education partially concurred with our third recommendation to implement controls to avoid relying solely on self-reported data in making eligibility determinations in any future debt relief efforts. Education stated that the debt relief program did not rely solely on self-reported data. While Education noted that affected borrowers were a small portion of eligible borrowers, given the program's size, we still found more than 2 million borrowers whom the department automatically approved based on their self-reported income. Applying the additional fraud mitigation tools Education designed for the application process—which approved most borrowers without the need to provide additional documentation—to borrowers who self-reported their income would present a minimal burden on the department and borrowers. Education also stated that as pandemic-related flexibilities for self-reporting expire, it plans to build capacity for future efforts by implementing data-related upgrades as part of the Fostering Undergraduate Talent by Unlocking Resources for Education Act. Although these efforts could potentially mitigate the risk of relying on self-reported data in future debt relief efforts, they do not affect the previously reported income data from 2020 and 2021, which Education relied on for its original relief program.

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This report is intended for use by the management of the Department of Education. We are sending copies of this report to the appropriate congressional committees, the Secretary of Education, and other interested parties. In addition, the report will be available at no charge on the GAO website at https://www.gao.gov.
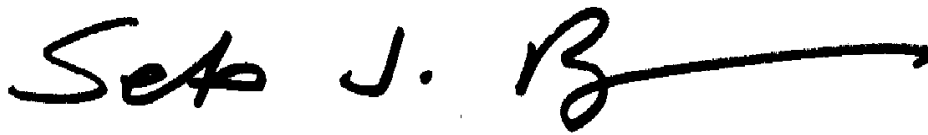
If you or your staff have any questions about this report, please contact Melissa Emrey-Arras at (617) 788-0534 or at emreyarrasm@gao.gov or Seto J. Bagdoyan at (202) 512-6722 or bagdoyans@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. In addition to the contact named above, the following individuals made major contributions to this report: David Bruno (Assistant Director), Will Colvin (Assistant Director), Jon Muchin (Analyst in Charge), Kelsey Kreider, Tracie

Sánchez, Michelle St. Pierre, Meg Sommerfeld, James Bennett, Marcia Carlsen, Serena Lo, Will Stupski, and Adam Wendel.

Sincerely yours,

Melissa Emrey-Arras, Director
Education, Workforce, and Income Security Issues

Seto J. Bagdoyan, Director
Forensic Audits and Investigative Service

Enclosures - 2

October 16, 2023

Ms. Melissa Emrey-Arras
Director, Education, Workforce, and Income Security Issues
Government Accountability Office
441 G Street, NW
Washington, DC 20548

Dear Ms. Emrey-Arras:

On behalf of the U.S. Department of Education (Department), I write in response to the statements and recommendations made in the Government Accountability Office (GAO) draft management report, *Student Loans: Education Should Proactively Manage Fraud Risks in Any Future Debt Relief Efforts (GAO-23-106580SU)*. We appreciate the opportunity to respond.

On June 30, 2023, the Supreme Court issued a decision invalidating the Biden Administration's student loan debt relief plan under the Higher Education Relief Opportunities for Students Act of 2003 (HEROES Act), which would have provided up to $20,000 in one-time relief to student loan borrowers most at risk of delinquency or default as a result of hardships brought on by the COVID-19 pandemic. Overall, more than 40 million borrowers would have qualified for the debt relief program, but in November 2022, less than a month after the application was available, the program was vacated under the lower court orders that led to the Supreme Court's decision. GAO initiated this performance audit in January 2023, more than two months after the program had been suspended.

From the initiation of the one-time student loan debt relief program until the court injunctions preventing any further Department action on the program and the subsequent Supreme Court decision invalidating the program, the Department considered and implemented appropriate risk management activities, with a particular focus on fraud risk management. These activities were aligned with the practices identified in GAO's *A Framework for Managing Fraud Risks in Federal Programs* (Fraud Risk Framework) and included identifying and assessing risks; designing and implementing mitigation strategies; and monitoring risks, including planned assessments of the effectiveness of mitigation strategies employed.

In contrast to other pandemic aid and relief programs, the student loan debt relief program inherently had an extremely low risk of fraud. It targeted a population of borrowers well known to the Department; the program would have provided debt relief rather than cash payments; and the share of potentially ineligible applicants was very small. That said, the Department fully assessed the risks of fraud, identified the risks discussed by GAO, and, as GAO notes, developed and implemented measures to address them. The nature of the program and its fraud risks allowed the Department to develop a risk-based approach to ensure that the potential rate of fraud among applicants would be less than one percent under even the most unlikely worst-case scenario.

Consistent with the practices outlined in the Fraud Risk Framework, the Department tailored its risk-based strategy to support rather than impede the student loan debt relief program's purpose

of ensuring that affected borrowers would not be in a worse position financially when student loan payments resumed, while focusing fraud mitigation efforts on borrowers most likely to be ineligible for relief. To do this, the Department planned to efficiently phase in the elements of this framework at the appropriate time as the program was implemented. The Department's fraud prevention plan involved primarily three mechanisms, all bolstered by the Department's authority to make referrals to the Office of Inspector General and Department of Justice for civil or criminal enforcement:

- Attestation: Borrowers were required to attest under penalty of perjury that they were eligible for relief.

- Verification: Borrowers likely to be ineligible were required to submit additional tax information to verify their eligibility.

- Review: Borrowers flagged for verification would not be granted relief until their tax documentation had been reviewed by the Department.

The Department not only developed specific strategies to respond to the fraud risks inherent in the program, but also leveraged the fraud risk assessment methods, internal controls, and other fraud mitigation activities that exist in other Department programs to avoid duplication and to increase efficiency in this effort.

This process had been ongoing and, like much of the student loan debt relief program, was still evolving and being implemented when activity on this program was suspended due to the court orders. The evaluations and assessment of outcomes that the draft management report describes as untimely were in fact planned and would have been implemented on a timely basis had the program been allowed to continue. Faulting the Department's implementation of its fraud risk management strategy as incomplete, when federal court orders prevented the Department from continuing to work on any aspect of the program, mischaracterizes those efforts.

Portions of the draft report appear not to recognize that the program's strategic, risk-based approach to combating fraud reflected in key respects the approach explicitly endorsed by GAO's Fraud Risk Framework. As the Fraud Risk Framework explains, "[e]ffective fraud risk management helps to ensure that federal programs' services fulfill their intended purpose, funds are spent effectively, and assets are safeguarded."[1] In contrast to the Framework, the GAO draft report recommends costly additional steps that would have imposed significant delays on the provision of relief to the overwhelming majority of borrowers whose applications would present no risk of fraud—without accounting for whether these steps would be cost-effective, would be more burdensome than necessary, or would even be marginally beneficial on net in lowering the risk of fraud.

For example, the income review stage of the program's application process required the Department to verify the income of borrowers whose applications were designated for review by reviewing documentation provided by the borrower in order to determine if the borrower was eligible for relief. However, the draft report suggests that the Department should have planned to review *every* application designated for review prior to approving *any* application not designated

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[1] GAO, A Framework for Managing Fraud Risks in Federal Programs, GAO-15-593SP (July 28, 2015).

for review. Doing so would have been inconsistent with both the Department's risk-based framework and GAO's Fraud Risk Framework and would have unjustifiably prevented millions of eligible borrowers from obtaining timely relief preventing financial hardship as they returned to repayment. Additional issues are described below in the Department's responses to GAO's recommendations.

We have also provided under separate cover our technical and additional related comments, which we hope will improve the final report.

Recommendation 1:
The Secretary of Education should incorporate robust evaluations of fraud risk management activities into any future debt relief efforts before approving borrowers for relief. This could involve partnering with IRS to cross-check incomes of approved borrowers.

Response 1:
The Department partially concurs to the extent described below. Consistent with leading practices outlined in GAO's Fraud Risk Framework, the Department's student loan debt relief program balanced the benefits of preventing improper debt relief to ineligible borrowers with the cost to taxpayers of conducting unnecessary verification, as well as the potential for increased burden on eligible borrowers. As noted by GAO, this step alone would have reduced the potential rate of fraud among applicants to below one percent.

GAO's recommendation to calculate *ex post* the share of applicants who are income ineligible would be justified—in the sense that it could lead to upwardly revised estimates of borrower ineligibility—only under the assumption that ineligible borrowers were more likely to apply for debt relief than eligible borrowers, but that assumption lacked evidentiary or logical support. Re-checking incomes of applicants against IRS records would have increased the burden to the agency (and to applicants if this process lengthened processing times significantly) but would rarely have produced information useful to updating the verification selection framework.

However, the Department agrees with GAO's recommendation that it should incorporate robust evaluations of fraud risk management activities into any future debt relief efforts, as it had planned to do for the one-time student debt relief program itself until federal court orders prevented the Department from doing so. As discussed above, the Department proactively mitigates fraud through effective and streamlined fraud risk management in line with the leading practices outlined in GAO's Fraud Risk Framework, including the Framework's fourth component, "evaluate and adapt."

Recommendation 2:
The Secretary of Education should fully implement all stages of its fraud risk management plans for any future debt relief efforts before approving borrowers for relief.

Response 2:
The Department partially concurs to the extent described below. The Department agrees on the importance of fully implementing each stage of its fraud risk management plans at the appropriate time and when legally permitted to do so. As noted above, federal court orders prevented the Department from fully implementing its fraud mitigation plans for the student loan debt relief program, which was vacated and stayed pending appeal before GAO began its

performance audit and was struck down by the Supreme Court before GAO issued its report. The Department had no plans to deviate from its fraud risk management strategy. However, the Department disagrees that it should have deviated from a strategic, risk-based approach to fraud risk management by abandoning its multistage risk management plan under which very low-risk borrowers could obtain relief while higher risk borrowers would be subject to heightened review before their applications were approved.

Recommendation 3:
The Secretary of Education should implement controls to avoid relying solely on self-reported data in any future debt relief efforts.

Response 3:
The Department partially concurs to the extent described below. The Department disagrees with the implication that the student loan debt relief program relied solely on self-reported data. To the extent that self-reported data qualified a small portion of eligible borrowers for relief without application, the Department has monitored its pandemic-related self-reporting of income practices, and preliminary indications show that borrowers have not changed their practices in the rate of self-reporting or the expected incomes of self-reporters. The Department will continue to strengthen its risk controls applied to self-reported data as the temporary flexibilities due to the COVID-19 pandemic end and as other program improvements are made as described below. Just as the controls in this program did not rely solely on self-reported data, the Department agrees that the controls it implements for any future debt relief efforts will not rely solely on self-reported data.

The Department is executing upgrades prescribed by Congress in the Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act), which amends Section 6103 of the Internal Revenue Code to allow the IRS to disclose certain federal tax information to Federal Student Aid. These improvements will allow the Department to obtain family size and income data directly from the IRS. These data can be shared to improve the administration of the Free Application for Federal Student Aid (FAFSA®) form, income-driven repayment plans, and the total and permanent disability (TPD discharge) program, as well as any future debt relief programs.

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On July 6, 2023, the Department published in the Federal Register its intent to establish a negotiated rulemaking committee to develop proposed regulations pertaining to the authorities granted to the Secretary in section 432(a) of the Higher Education Act, which relate to the modification, waiver, or compromise of Federal student loans. If relevant, the Department will take the recommendations of this management report into account as it implements the rulemaking.

5

Please let us know if you have any questions or want to discuss our comments. Again, thank you for the chance to respond to this draft GAO report.

Sincerely,

Richard Cordray
Chief Operating Officer
Federal Student Aid

Enclosure II: Student Loan Debt Relief Application

🇺🇸 An official website of the United States government.

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

English | Español

Apply for Federal Student Loan Debt Relief

OMB No. 1845-XXXX

Eligibility for Debt Relief

What Is Federal Student Loan Debt Relief?

It's a program that provides eligible borrowers with full or partial discharge of loans up to $20,000 to Federal Pell Grant recipients and up to $10,000 to non-Pell Grant recipients.

Who Qualifies?

- Individuals who made less than $125,000 in 2021 or 2020
- Families that made less than $250,000 in 2021 or 2020

If you filed federal taxes, your income requirements are based on your adjusted gross income (AGI), which tends to be lower than your total income. Your AGI can be found on line 11 of the IRS Form 1040.

How It Works

Apply today (but no later than Dec. 31, 2023). We'll determine your eligibility and will contact you if we need more information. Your loan servicer will notify you when your relief has been processed.

Learn More About Student Loan Debt Relief

Source: Department of Education. | GAO-24-107142

Borrower Information

First Name

[   ]

Middle Initial *- optional*

[   ]

Last Name

[   ]

Former Last Name *- optional*

[   ]

Enter any other last name you may have provided to the
U.S. Department of Education.

Social Security Number (SSN)

[Show]

Confirm Social Security Number (SSN)

[Show]

Date of Birth

Month   *Day*   *Year*

[   ] [   ] [   ]

Phone Number

[   ]

Email

[   ]

Confirm Email

[   ]

Source: Department of Education. | GAO-24-107142

Review and Submit the Agreement

By signing this form, you agree with the following statements:

1. I request federal student loan debt relief of up to $20,000. If requested, I will provide proof of income to the U.S. Department of Education. I understand that if I fail to do so by March 31, 2024 or if my income does not qualify for federal student loan debt relief, the relief will not be processed.

2. I verify that I am the individual named above.

3. I affirm that ONE of the following is true for 2020 (Jan. 1–Dec. 31, 2020) or 2021 (Jan. 1–Dec. 31, 2021):

   • I made less than the required income to file federal taxes.

   • I filed as a single tax-filer AND made less than $125,000.

   • I was married, filed my taxes separately, AND made less than $125,000.

   • I was married, filed my taxes jointly, AND made less than $250,000.

   • I filed as a head of household AND made less than $250,000.

   • I filed as a qualifying widow(er) AND made less than $250,000.

   If you filed federal taxes, your income requirements are based on your adjusted gross income (AGI), which tends to be lower than your total income. Your AGI can be found on line 11 of the IRS Form 1040.

First Name

[   ]

Middle Initial *- optional*

[   ]

Last Name

[   ]

☐ **I certify under penalty of perjury under the laws of the United States of America that all of the information provided on this form is true and correct.** I understand that any falsification or misrepresentation on this form, or on any accompanying document, is subject to penalties that may include fines, imprisonment, or both, under the U.S. Criminal Code, including, but not limited to, under 18 U.S.C. § 1001, 18 U.S.C. § 1621, and 20 U.S.C. § 1097.

[Exit]   [Submit]

Contact Us **1-833-932-3439** | Learn More About Student Loan Debt Relief   Privacy Act Statement

Source: Department of Education. | GAO-24-107142