

Department of Education

United States Senate

Senator Tom Coburn, MD

April 13, 2011

Via U.S. Mail and Electronic Mail

The Honorable Arne Duncan
Secretary
United States Department of Education
400 Maryland Avenue, S.W.
Washington, D.C. 20202

Dear Secretary Duncan:

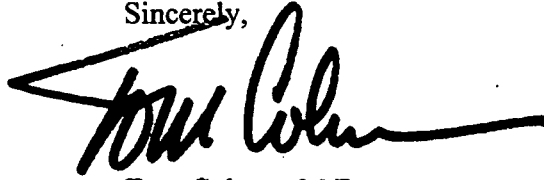
I am interested in obtaining information on certain programs administered by the United States Department of Education and would appreciate your assistance. The Department of Education provides a number of programs and services that assist Americans ensure our country's children are provided an effective education. These programs include, but are not limited to the following educational loan, grant, and fellowship programs:

- William D. Ford Federal Direct Loan Program (Subsidized, Unsubsidized, PLUS, and Consolidation);
- Federal Family Education Loan ("FFEL") Program (Subsidized, Unsubsidized, PLUS, and Consolidation);
- Direct PLUS Loans for Parents;
- Direct PLUS Loans for Graduate and Professional Degree Students;
- Iraq and Afghanistan Service Grants;
- Erma Byrd Scholarship Program;
- Jacob K. Javits Fellowships Program;
- All Fulbright-Hays Seminars, Fellowships and Programs;
- National Institute on Disability and Rehabilitation Research ("NIDRR") Research Fellowship Program;
- Civil Legal Assistance Attorney Student Loan Repayment Program;
- Public Service Loan Forgiveness Program;
- Stafford Loan Forgiveness Program for Teachers; and
- Teacher Education Assistance for College and Higher Education ("TEACH") Grants.

Please provide the following information for all individuals or entities that received any benefits from the above listed programs during fiscal years 2007, 2008, 2009, and 2010, who also reported an adjusted gross income of \$1,000,000 or greater: (1) name of recipient; (2) total adjusted gross income for the year(s) in which the individual received benefits; (3) name of each program the individual received benefits through; (4) amount of benefits received from each program; and (5) total amount of benefits received during each year. This information should be produced in an electronic usable format, such as Microsoft Excel.

Please provide the above information by April 29, 2011. If you have any questions, including the format in which the information should be produced, please contact  _____

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Coburn", with a long horizontal flourish extending to the right.

Tom Coburn, M.D.
U.S. Senator



June 17, 2011

Honorable Tom Coburn, M.D.
United States Senate
Washington, DC 20510

Dear Senator Coburn:

Thank you for your letter requesting information on certain programs administered by the Department of Education (Department). The Department has reviewed relevant program data and prepared the enclosed information in response to your request for specific borrower and grant recipient data.

Regarding your request for information personally identifying those individuals who meet the criteria set forth in your letter, the Privacy Act of 1974 prohibits agencies from "disclos[ing] any record which is contained in a system of records by any means of communication to any person, or to another agency, except pursuant to a written request by, or with the prior written consent of, the individual to whom the record pertains. . ." 5 U.S.C. § 552a(b). The Privacy Act contains a number of exceptions to its blanket prohibition against disclosure of personal information to outside sources, but none of those exceptions applies to your inquiry. *See* 5 U.S.C. § 552a(b)(1)-(12).

With respect to your request concerning student loans, income is not a factor in determining student aid eligibility for unsubsidized Stafford loans under either the Direct Loan or the Federal Family Education Loan Program. Nor is income a factor in determining aid eligibility for PLUS Loans for parents or graduate students. There are no budgetary costs to making these loans to students or parents; in fact, there is a net gain for the taxpayer.

The Department is continuing to research the question raised by you and your staff as it applies to the federal student loan portfolio, and we will follow up with any additional data if the need arises.

With respect to the other programs about which you inquired, only two individuals with an income of \$1 million or greater received benefits, totaling \$6,000, through the Teacher Education Assistance for College and Higher Education Grants Program, and two individuals with an income of \$1 million or greater received benefits, totaling \$10,910, through the Fulbright-Hays Seminars, Fellowships, and Programs. Income is not a factor in determining eligibility for benefits under these programs.

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The Department found no individuals with an adjusted gross income of \$1 million or greater who received benefits during the relevant time period from the Iraq and Afghanistan Service Grants Program, Civil Legal Assistance Attorney Student Loan Repayment Program, Stafford Loan Forgiveness Program for Teachers, Erma Byrd Scholarship Program, and Jacob K. Javits Fellowships Programs. Except for Jacob K. Javits Fellowships, income is not a factor in determining eligibility for benefits under these programs.

Regarding the Public Service Loan Forgiveness Program, the first individuals will not be eligible to apply for loan discharge under this program until 2017; therefore, there is no responsive data for this program. Also, while it may be mathematically possible for an individual with an adjusted gross income of \$1 million or greater to receive forgiveness under the program, we believe that the probability of such an outcome is extremely low due to existing employment-related eligibility criteria and required minimum monthly repayment amounts. Regardless, income is not a factor in determining eligibility for loan forgiveness.

Finally, you requested data on the fellowship program administered by the National Institute on Disability and Rehabilitation Research. This program, which is also known as the Mary E. Switzer Fellowship Program, seeks to increase capacity in rehabilitation research by giving qualified individual researchers, including individuals with disabilities, the opportunity to develop new ideas and gain research experience. The funding under this program is provided to the individual and is awarded based upon a stringent peer review process, using external expert reviewers. The merit fellowships may not exceed \$65,000, and the distinguished fellowships may not exceed \$75,000. The Department does not collect income information from the recipients as these are research fellowships and there are no income-related requirements that affect eligibility for the awards.

If you have further questions regarding this information, please have your staff contact _____ in the Office of Legislation and Congressional Affairs at _____

Sincerely,



James W. Runcie
Acting Chief Operating Officer
Federal Student Aid

Enclosure

Program	Award Year	Number of Loans/Scholarships	Total Amount Disbursed
TCH	2010	2	\$6,000
DLU	2007	4	\$18,946
DLU	2008	1	\$10,500
DLU	2009	17	\$167,965
DLU	2010	21	\$205,235
DLP-G	2009	3	\$56,872
DLP-G	2010	2	\$8,234
DLP-P	2007	8	\$231,264
DLP-P	2008	12	\$290,490
DLP-P	2009	45	\$864,373
DLP-P	2010	68	\$1,561,471
FFEL-U	2007	27	\$321,822
FFEL-U	2008	55	\$642,792
FFEL-U	2009	61	\$591,822
FFEL-U	2010	49	\$497,798
FFEL-GP	2007	2	\$70,216
FFEL-GP	2008	4	\$106,450
FFEL-GP	2009	1	\$10,726
FFEL-GP	2010	7	\$183,821
FFEL-P	2007	141	\$2,344,006
FFEL-P	2008	116	\$2,378,649
FFEL-P	2009	138	\$3,002,238
FFEL-P	2010	123	\$2,870,241
F-H	2009	2	\$10,910
Program Key			
TCH	Teacher Education Assistance for College and Higher Education		
DLU	Direct Loan - Unsubsidized		
DLP-G	Direct Loan - PLUS (Graduate)		
DLP-P	Direct Loan - PLUS (Parent)		
FFEL-U	FFEL loan - Unsubsidized		
FFEL-GP	FFEL Loan - PLUS (Graduate)		
FFEL-P	FFEL Loan - PLUS (Parent)		
F-H	Fulbright-Hays Seminars, Fellowships, and Programs		

Notes:

1. AGI and loan information for PLUS loans are only included when FAFSA's were submitted for the PLUS Student.
2. The maximum value for Parent and Student AGI captured on the FAFSA is \$999,999. We included persons who listed \$999,999 for their AGI.
3. Information provided for the 2006/2007, 2007/2008, 2008/2009, and 2009/2010 award years.
4. Data are as of June 17, 2011.



Honorable Tom Coburn, M.D.
United States Senate
Washington, DC 20510

AUG 04 2011

Dear Senator Coburn:

I write to follow up on my June 17, 2011, letter, which provided the information you requested on certain programs administered by the Department of Education (Department). In that letter, I noted that we were continuing to research the question raised by you and your staff as it applies to the federal student loan portfolio.

We have completed the research you requested and, in addition to the unsubsidized loans discussed in our June 17 letter, which do not have a need requirement, we identified two Federal Family Education Loan (FFEL) Program subsidized loans that were provided to students in 2010 that meet the criteria set forth in your April 13, 2011, letter. These loans do take into account the borrower's financial need. One of these loans was for \$4,250 and the other was for \$2,583. Each was for the student's enrollment during a summer term. We note that these are two loans out of more than 33 million subsidized loans totaling more than \$123 billion awarded in the Direct Loan and FFEL programs over the fiscal year 2007 through fiscal year 2010 period.

Both of these loans were correctly awarded by the respective college using information and guidance provided by the Department. One loan resulted from the method used by the college to calculate the student's aid eligibility. As you know, Part F of Title IV of the Higher Education Act of 1965 (HEA), as amended, prescribes a formula to determine the financial need of student aid applicants. While this formula is quite comprehensive, the law does not specifically address how to determine eligibility for an independent student who, after undergoing an aid eligibility analysis for the fall and spring semesters, enrolls in summer school. For such situations, Department guidance advises colleges to calculate summer term eligibility with the assumption that the student exhausted his or her ability to independently contribute financial resources during the fall and spring semesters. In general, this method works well because it accurately reflects the fact that students use their entire independent contributions during the first nine months of the enrollment period. However, in one case, the college, using the Department's guidance, awarded a summer term FFEL Program subsidized loan to an unusually high-income applicant who would have had remaining ability to contribute independently during the summer term.

The second loan resulted from data limitations in fields included in the Department's student eligibility reporting system. The limitations masked the student's true income and ability to make independent contributions, and led the college to award the subsidized loan. Applicants with reported incomes and independent contribution ability beyond the available field ranges are

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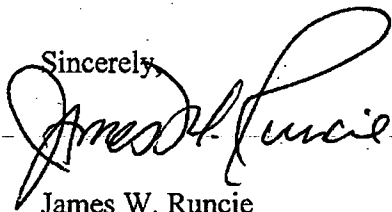
rare; however, in this case the limitation resulted in the college allocating reduced independent contribution ability over a summer term enrollment. Combined with an extraordinarily high summer cost of attendance, the calculation resulted in the applicant demonstrating financial need and thus qualifying for a small subsidized student loan.

We are preparing revised guidance that will advise institutions of how to determine the contribution levels for independent students who enroll for more than nine months. This will include advising institutions of how to determine actual income and contributions if the reported values are limited due to field length limitations. Our revised guidance will also instruct colleges to use the amounts of a student's contributions that are not exhausted paying postsecondary expenses during fall and spring semesters when calculating contributions for subsequent summer term enrollments.

Again, we thank you for your inquiry and your continued support of efforts to ensure the integrity of the nation's student aid system. Over the last several years, Federal Student Aid has made substantial progress to implement and maintain robust financial management improvements. These efforts led to the Department's external auditors giving unqualified opinions of the financial statements they audited and the Government Accountability Office removing the student aid programs from its list of programs at high risk of fraud, waste, and abuse. Our commitment to being responsible stewards of the taxpayers' investment in federal student aid remains steadfast.

If you have further questions regarding this information, please have your staff contact _____, in the Department's Office of Legislation and Congressional Affairs at _____

Sincerely,

A handwritten signature in dark ink, appearing to read "James W. Runcie", with a large, stylized flourish at the end.

James W. Runcie
Acting Chief Operating Officer
Federal Student Aid