

January 18, 2023

The Honorable Andrew Bailey
Attorney General of Missouri
207 W. High Street
P.O. Box 899
Jefferson City, MO 65102

Dear Attorney General Bailey,

I write today to express my frustration and disappointment in the role your office played, working on behalf of the Missouri Higher Education Loan Authority's (MOHELA), to block much needed student debt relief from millions of borrowers across the country. Under your office's direction, the state of Missouri sued the Biden Administration, challenging the legal authority of the federal student debt relief plan and the case was taken to the U.S. Supreme Court. As a result of your office's callous efforts, over 40 million borrowers, including more than 844,000 student loan borrowers right here in Missouri, were robbed of the chance at an economic fresh start and freedom from the crushing weight of their student loan debt.

Federal student debt relief efforts were halted due to unfounded concerns that if MOHELA lost revenue, the state of Missouri would be financially harmed. As you most certainly know, MOHELA owes nearly \$107 million debt to the state of Missouri, as a part of its contractual obligations to the Lewis and Clark Discovery Initiative (LCDI).¹ When MOHELA stopped contributing funds to the LCDI in 2009, citing financial strain due to the Great Recession, the University of Missouri lost \$31 million for the development of the Ellis Fischel Cancer Center and millions more in campus infrastructure and program development across the state.

MOHELA has since recovered financially and remained more profitable than ever, particularly since its acquisition of the Public Service Loan Forgiveness (PSLF) accounts, which represent a huge increase in business. I would like information about how you are working to ensure MOHELA plans to pay back its own debts to the state and continue to make financial contributions to the higher education system in Missouri.

The debts owed to the state of Missouri are just one example of MOHELA's troubling business practices. Last fall, as millions of borrowers were forced to navigate the restart of student loan payments, MOHELA failed to send timely billing statements to roughly 2.5 million borrowers, pushing more than 800,000 into delinquency. In response, the Biden Administration withheld \$7.2 million in payments to the servicer and protected borrowers by reducing their interest to zero.²

The Biden Administration's unprecedented move to hold MOHELA accountable is further evidence that President Biden will not look the other way as servicers fail borrowers and drive them further into debt. These widespread servicing failures are troubling enough on their own but are exacerbated by MOHELA being the sole specialty servicer for the PSLF program—a program that is intended to benefit nurses and other health care providers, first responders, and public servants like your own employees charged with fighting for the people of Missouri.

¹ <https://auditor.mo.gov/press/2010-87.pdf>

² <https://www.cnbc.com/2023/10/30/education-dept-penalizes-student-loan-servicer-mohela-for-errors.html>

Before the Supreme Court last year, your office—in partnership with six other Republican led states—argued that the financial interests of MOHELA were more important than the financial wellbeing of workers and families throughout Missouri and the nation. Further, you argued that President Biden’s debt relief program would negatively impact MOHELA’s ability to cover its financial obligations and contributions to Missouri. Now that the conservative majority on the Supreme Court ruled in your favor and blocked millions in relief from borrowers across our state, I am respectfully requesting information on how your office is working to ensure MOHELA plans to pay its own debts to the working people of Missouri.

When given the opportunity to contribute and inform the negotiated rulemaking process established by the Department of Education to inform future debt relief efforts, your office removed themselves from the committee after failing to meaningfully participate—an opportunity that would have directly provided Missourians a voice at the table. Missourians deserve an Attorney General that will fight for the economic wellbeing of all workers, families and communities—not the interests of corporations that are profiting from our education debts.

Before the Supreme Court, your office argued that MOHELA was an instrumentality of the State. What is your office currently doing to ensure that MOHELA fulfills its legal obligations to the State of Missouri, the Lewis and Clark Discovery Initiative, and the nearly one million student loan borrowers across our state?

I ask that your office provide written responses to this inquiry no later than February 20, 2024.

Sincerely,

A handwritten signature in cursive script that reads "Cori Bush".

CORI BUSH
Member of Congress