

## MEMORANDUM

**Date:** January 9, 2024  
**To:** U.S. Department of Education  
**From:** Robyn Smith and Sophie Laing, Negotiators for Legal Assistance Organizations  
**Re:** Issue Paper 1 – Information/Data Request

During yesterday's discussion regarding the Department's proposed modifications to 34 C.F.R. § 668.167, we raised concerns regarding low-income students' inability to repay Pell Grant overpayments after they are transferred for collection from the school to the Department. The federal regulations do not currently provide students with any affordable repayment options so that they can reestablish federal financial aid eligibility and finish their programs. In response, the Department stated that it allows the third-party contractor that collects Pell Grant overpayments to enter into repayment agreements with students. It also stated that when a student does so, the Department renews their financial aid eligibility.

We request the following information about the options offered to students with Pell Grant overpayments. We would welcome receiving responses to these questions on a rolling basis as the information becomes available, and are happy to work with the Department to restructure the questions if doing so would ensure the information becomes available sooner.

1. Which contractor collects Pell Grant overpayments on behalf of the Department?
2. What specific instructions and/or guidelines has the Department provided to this contractor for the negotiation of repayment plans? Please provide copy of any instructions or guidelines. In addition, please provide responses to the following:
  - How are the repayment plans offered to students calculated?
  - Is the contractor allowed to enter into \$0 (zero dollar) repayment plans with students? If so, in what circumstances?
  - Does the Department reestablish a student's eligibility for financial aid once they enter into a repayment plan?
  - How does the Department advise students about repayment plan options? Is the contractor required to advise borrowers about/offer students a repayment plan before demanding payment of the entire amount?
  - How soon after the overpayment is transferred for collection to the Department is the contractor required to start collection and/or offer a repayment plan?
3. How many students were assessed for a Pell Grant overpayment in the most recent two complete award years?
4. What was the average Pell Grant overpayment amount?
5. For this period, what percentage of Pell Grant overpayments were repaid or are in repayment through repayment plans?
  - a. Of these repayment plans, what was the average monthly repayment amount?

- b. On average, what period of time elapsed between the date the overpayment was transferred for collection to the Department to the date that the student in such cases started making payments?
6. What happens when a student on a repayment plan misses a monthly payment?