

Under Betsy DeVos, The Department Of Education Terminated Its Cooperative Relationship With The CFPB—Which Even Kathy Kraninger Says Is A Problem For Regulating Student Loan Servicers

In 2017, The Department Of Education Canceled Its Memorandum Of Understanding (MOU) With The CFPB, A Move That Was Seen As Friendly To The Student Loan Industry

In August 2017, The Department Of Education Terminated Its Two Memorandums Of Understanding (MOUs) With The CFPB, Which Allowed The Two Agencies “To Share Information And Cooperate On Enforcement.”

In August 2017, The Department Of Education Terminated Its Two Memorandums Of Understanding (MOUs) With The CFPB, Which Allowed The Two Agencies “To Share Information And Cooperate On Enforcement.” “[T]he U.S. Education Department has just called a halt to the enforcement collaboration between itself and CFPB. This move leaves 44 million student loan borrowers, owing \$1.4 trillion in debt, with potentially less, or at least less-coordinated, oversight of their rights. [...] CFPB had two memorandums of understanding with the Education Department that allowed the two to share information and cooperate on enforcement. At the end of August, the Department of Education terminated those arrangements.” [NPR, [09/20/17](#)]

- **The Move Was Among Many Actions From The Trump Administration “Seen As Friendly To The Student Loan Industry.”** “The move is not surprising coming from the Trump administration, which has taken many actions seen as friendly to the student loan industry.” [NPR, [09/20/17](#)]

After The Department Of Education Canceled Its MOU With The CFPB, One Analyst Upgraded Navient Shares To A “Buy” Rating—The AFL-CIO And Sen. Elizabeth Warren Called On The Securities And Exchange Commission (SEC) To Investigate Possible Insider Trading Of Navient Shares.

The Decision To Cancel The MOUs Prompted One Analyst To Upgrade Navient Shares To A “Buy” Rating.

The Decision To Cancel The MOUs Between The Department Of Education And The CFPB “Was Significant Enough That It Later Prompted One Analyst To Upgrade Navient Shares To A ‘Buy’ Rating.” “The trades occurred just before public disclosure of a letter from the Department of Education to the Consumer Financial Protection Bureau that marked an important shift in Trump administration policy. The change—that the Education Department would no longer share information on the student loan market with the CFPB—was significant enough that it later prompted one analyst to upgrade Navient shares to a ‘buy’ rating.” [Bloomberg, [10/23/17](#)]

- **Navient’s “Stock Rallied To Almost \$18 From Around \$13” After The 2016 Election Amid Speculation That The CFPB “Would Be Neutered Under President Trump.”** “Immediately after the [2016] election, [Navient’s] stock rallied to almost \$18 from around \$13 on speculation that the bureau would be neutered under President Trump.” [New York Times, [01/21/17](#)]

The AFL-CIO Called On The SEC To Investigate Potential Insider Trading After The Department Of Education Announced It Would No Longer Share Information With The CFPB.

The AFL-CIO Called On The SEC “To Investigate A Few Large Trades In The Stock Of Student Loan Servicer Navient Corp That Occurred Just Before” The Department Of Education Announced It “Would No Longer Share Information About The Company With The” CFPB. “The AFL-CIO, a federation of labor unions, on Tuesday called on the U.S. Securities and Exchange Commission to investigate a few large trades in the stock of student loan servicer Navient Corp that occurred just before a government announcement favorable to the company was made public. In the letter sent to the SEC on Tuesday, a copy of which was seen by Reuters, the AFL-CIO urged a probe into the purchase of shares of Navient made in a series of three trades on the last day of August, hours before a congressional committee disclosed that the U.S. Education Department would no longer share information about the company with the Consumer Financial Protection Bureau, a top regulator which had accused the company of wrongdoing.” [Reuters, [10/10/17](#)]

- “The AFL-CIO said the nearly 900,000 shares were purchased at or after the market close on Aug. 31, in the hours between the CFPB’s being notified of the policy shift and its becoming public. Navient’s stock on Sept. 1, the day the policy change was announced, closed at \$13.75 a share, up from its Aug. 31 closing price on the Nasdaq at \$13.20. The AFL-CIO said in the letter that it wants the SEC to find out whether the stock purchases were done illegally, in violation of insider trading laws or the STOCK Act, a 2012 law that makes clear it is illegal for members of Congress or their staff to personally profit on private information obtained in their work.” [Reuters, [10/10/17](#)]

Sen. Elizabeth Warren Called On The SEC To Investigate Potential Insider Trading After The Department Of Education Announced It Would No Longer Share Information With The CFPB.

In October 2017, Sen. Elizabeth Warren (D-MA) And Rep. Suzanne Bonamici (D-OR) Sent A Letter Asking The SEC To “Should Investigate Possible Insider Trading Of Shares Of” Navient. “The U.S. Securities and Exchange Commission should investigate possible insider trading of shares of student loan company Navient Corp., Senator Elizabeth Warren of Massachusetts and Representative Suzanne Bonamici of Oregon, said Monday in a letter to the agency chairman, Jay Clayton. The trades occurred just before public disclosure of a letter from the Department of Education to the Consumer Financial Protection Bureau that marked an important shift in Trump administration policy. The change—that the Education Department would no longer share information on the student loan market with the CFPB—was significant enough that it later prompted one analyst to upgrade Navient shares to a ‘buy’ rating. The circumstances surrounding the well-timed trades and the publication of the letter ‘raise questions about whether one or more [Education] Department officials may have engaged in the unauthorized disclosure of material, nonpublic information,’ the two Democrats wrote in the letter.” [Bloomberg, [10/23/17](#)]

CFPB Director Kathy Kraninger Said That The Department Of Education Was “Getting In The Way” Of Regulating Student Loan Servicers, Who Are Refusing To Provide Information To The CFPB Based On Guidance From ED.

In April 2019, Kathy Kraninger Told Lawmakers That The Department Of Education Was “Getting In The Way Of Efforts To Police The Student Loan Industry.”

In An April 2019 Letter To Sen. Elizabeth Warren (D-MA), Kathy Kraninger Told Lawmakers That The “Trump Administration’s Education Department Is Getting In The Way Of Efforts To Police The Student Loan Industry.” “The director of the Consumer Financial Protection Bureau says the Trump administration’s Education Department is getting in the way of efforts to police the student loan industry. The revelation, in a letter obtained by NPR, comes at the same time that lawsuits allege widespread wrongdoing by student loan companies is costing some borrowers thousands of dollars. CFPB Director Kathy Kraninger explained the problem in an April letter responding to questions from Sen. Elizabeth Warren and other lawmakers about whether the federal regulator had ‘abandoned its supervision and enforcement activities’ related to more than \$1 trillion in student loans. [NPR, [05/16/19](#)]

Kathy Kraninger Admitted That Student Loan Servicers Refuse To Provide The CFPB With Information Based On Department Of Education Guidance.

Kathy Kraninger Wrote That “Student Loan Servicers Have Declined To Produce Information Requested By The Bureau.” Kraninger wrote, “Since December 2017, student loan servicers have declined to produce information requested by the Bureau for supervisory examinations related to Direct Loans and Federal Family Education Loan Program (FFELP) loans held by the Department based on the Department’s guidance.” [[Letter from Kathy Kraninger to Sen. Elizabeth Warren](#), 04/23/19]

Kathy Kraninger Claimed To Have Prioritized A New MOU With The Department Of Education.

Kathy Kraninger Has Claimed That “It Is A Priority For Us At The Bureau To Make Progress On A New MOU.” “the Department also terminated a Memorandum of Understanding (MOU) with the Bureau effective October 1, 2017. We have a responsibility in statute to have a MOU with the Department and so it is a priority for us at the Bureau to make progress on a new MOU.” [[Letter to Senator Elizabeth Warren](#), 04/23/19]

Senators Are Appalled That Servicers Are Refusing The CFPB And Wrote To Them To Clarify That Department Guidance Does Not Permit Them To Skirt The Law.

In Response To Kraninger’s Letter, “Elizabeth Warren, Sherrod Brown, And Three Other Democratic Senators” Sent Letters To Student Loan Servicers Stating That “No ‘Guidance’ From The Department Of Education ‘Can Absolve Servicers Of Their Legal Responsibility To Comply’ With The Law. “In response to Kraninger’s letter, Elizabeth Warren, Sherrod Brown, and three other Democratic senators called the revelations ‘disturbing’ in a round of letters they fired off this week to loan servicing companies. The lawmakers say in their letters that since Kraninger says the CFPB has attempted to get documents it needs for supervision and been rebuffed by the servicers, that ‘reveals that the Department under Secretary DeVos, [...] federal student loan servicers, who are paid by the federal government, are ignoring federal regulators’

requests for information.’ The senators’ letters add that no ‘guidance’ from the Department of Education ‘can absolve servicers of their legal responsibility to comply with state and federal consumer protection law.’” [NPR, [05/16/19](#)]

In February 2020, The CFPB And Education Department Signed A New MOU Coordinating The Sharing And Analysis Of Student Loan Complaint Data – Two And A Half Years After The Education Department Terminated The Original MOUs.

In February 2020, The CFPB And Education Department Signed A New Memorandum Of Understanding Outlining Coordination In Sharing And Analyzing Student Loan Complaint Data.

February 3, 2020: The CFPB And Education Department Signed A New Memorandum Of Understanding, With The Agencies Now "Shar[ing] Complaint Information From Borrowers And Meet[ing] Quarterly To Discuss Observations About The Nature Of Complaints Received, Characteristics Of Borrowers, And Available Information About Resolution Of Complaints." "The Consumer Financial Protection Bureau (Bureau) and the U.S. Department of Education (ED) announced a new coordination agreement in order to better serve student loan borrowers. Under the newly signed Memorandum of Understanding (MOU) the agencies will share complaint information from borrowers and meet quarterly to discuss observations about the nature of complaints received, characteristics of borrowers, and available information about resolution of complaints." [Consumer Financial Protection Bureau, [02/03/20](#)]

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Student Loan Servicers Have Spent Over \$10.7 Million On Lobbying Since Donald Trump Took Office

Navient Has Spent Nearly \$7.3 Million Lobbying The Federal Government Since 2017.

Year	Registrant	Amount Spent	Citation
2017	Navient Solutions, Inc.	\$2,236,981	Q1 , Q2 , Q3 , Q4
2018	Navient Solutions, Inc.	\$1,970,000	Q1 , Q2 , Q3 , Q4
2019	Navient Solutions, Inc.	\$1,760,000	Q1 , Q2 , Q3 , Q4
2020	Navient Solutions, Inc.	\$1,330,000	Q1 , Q2 , Q3 ,

Total	\$7,296,981
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Nelnet Has Spent At Least \$827,000 Lobbying The Federal Government Since 2017.

Year	Registrant	Amount Spent	Citation
2017	Nelnet, Inc.	\$227,000	Q1, Q2, Q3, Q4
2018	Nelnet, Inc.	\$210,000	Q1, Q2, Q3, Q4
2019	Nelnet, Inc.	\$230,000	Q1, Q2, Q3, Q4
2020	Nelnet, Inc.	\$160,000	Q1, Q2, Q3
Total		\$827,000	

The Missouri Higher Education Loan Authority (MOHELA) Has Spent Over \$1 Million Lobbying The Federal Government Since 2017.

Year	Client	Lobbying Firm	Amount Spent	Citation
2017	MOHELA	Thompson Coburn LLP	\$280,000	Q1, Q2, Q3, Q4
2018	MOHELA	Thompson Coburn LLP	\$280,000	Q1, Q2, Q3, Q4
2019	MOHELA	Thompson Coburn LLP	\$320,000	Q1, Q2, Q3, Q4
2020	MOHELA	Thompson Coburn LLP	\$210,000	Q1, Q2, Q3
Total			\$1,090,000	

The Pennsylvania Higher Education Assistance Agency (PHEAA) Has Spent Over \$1.5 Million Lobbying The Federal Government Since 2017.

Year	Registrant	Amount Spent	Citation
2017	PHEAA	\$410,000	Q1, Q2, Q3, Q4
2018	PHEAA	\$420,000	Q1, Q2, Q3, Q4
2019	PHEAA	\$390,000	Q1, Q2, Q3, Q4
2020	PHEAA	\$320,000	Q1, Q2, Q3
Total		\$1,540,000	

Student Loan Trade Groups Have Spent Over \$380,000 On Federal Lobbying Since Donald Trump Took Office

The Education Finance Council Has Spent Over \$221,691 Lobbying The Federal Government Since Donald Trump Took Office.

Year	Registrant	Amount Spent	Citation
2017	Education Finance Council	\$71,240	Q1, Q2, Q3, Q4
2018	Education Finance Council	\$44,878	Q1, Q2, Q3, Q4
2019	Education Finance Council	\$63,824	Q1, Q2, Q3, Q4
2020	Education Finance Council	\$41,749	Q1, Q2, Q3
Total		\$221,691	

The National Council Of Higher Education Resources (NCHER) Has Spent \$320,000 Lobbying The Federal Government Since Donald Trump Took Office.

Year	Client	Lobbying Firm	Amount Spent	Citation
2017	NCHER	Penn Hill Group	\$80,000	Q1, Q2, Q3, Q4
2018	NCHER	Penn Hill Group	\$90,000	Q1, Q2, Q3, Q4
2019	NCHER	Penn Hill Group	\$90,000	Q1, Q2, Q3, Q4
2020	NCHER	Penn Hill Group	\$60,000	Q1, Q2, Q3
Total			\$320,000	

The National Association of Student Financial Aid Administrators (NASFAA) Has Spent Over \$30,000 Lobbying The Federal Government Since Donald Trump Took Office.

Year	Registrant	Amount Spent	Citation
2017	NASFAA	\$17,217	Q2, Q3, Q4
2018	NASFAA	\$5,680.54	Q1
2019	NASFAA	\$32,473	Q1, Q3, Q4
2020	NASFAA	\$22,817	Q1, Q2
Total		\$78,187.54	

The Student Loan Industry Has Spent Millions On Political Campaign Contributions Since 2012

The Student Loan Industry Has Contributed Nearly \$4.5 Million To Political Campaigns Since 2012.

Election Cycle	Amount	Citation
2012	\$1,154,582	OpenSecrets
2014	\$1,057,525	OpenSecrets
2016	\$1,069,847	OpenSecrets
2018	\$677,146	OpenSecrets
2020	\$534,038	OpenSecrets
Total	\$4,493,138	

The Student Loan Industry Has Contributed Over \$2.1 Million To Republican Political Candidates Since 2012.

Election Cycle	Amount	Citation
2012	\$627,682	OpenSecrets
2014	\$228,700	OpenSecrets
2016	\$579,202	OpenSecrets
2018	\$415,132	OpenSecrets
2020	\$265,544	OpenSecrets
Total	\$2,116,260	

