More Information Could Help Education Determine the Extent to Which Eligible Servicemembers Serving on Active Duty Benefited from Relief Provided by Lenders and Schools

What GAO Found

Education has issued waivers and modifications to certain federal student financial aid provisions to minimize the financial impact and administrative burden for servicemembers on active duty, for example, by making it easier to postpone or suspend loan payment. Students who leave school for active duty service are treated as still enrolled to ensure that they do not have to begin repaying their student loans. Borrowers already repaying their student loans no longer have to provide written documentation of active duty service to suspend repayment for up to 1 year. However, Education did not complete a study to assess the extent to which servicemembers are benefiting from these waivers and modifications by March 2005, as required by HEROES, and currently has no plans to do so. While HEROES does not specify how Education should go about assessing the impact of its waivers and modifications, Education officials said that such a study would require a rigorous experimental design that would be costly and cannot be supported with Education’s data systems. However, Education has not explored the possibility of leveraging outside data sources to fulfill the requirement.

Federal student loan lenders have implemented policies and practices, many of which are required under Education’s waivers and modifications, to provide relief for borrowers serving on active duty. For example, lenders reported that they provide options that allow borrowers to suspend or postpone repayment of their student loans, often with one telephone call. Some lenders are providing additional benefits beyond those covered by HEROES. For example, one lender offered to forgive $2,500 in loans for servicemembers who have lived or attended college in Pennsylvania.

Most colleges and universities have had students leave for active duty service prior to the end of an academic term, and have policies or practices to assist them both when they depart and when they return, such as providing tuition refunds and allowing them to withdraw from their classes. When students return, schools often guarantee their readmission and exempts them from changes to degree requirements.

What GAO Recommends

GAO recommends that the Secretary of Education undertake the congressionally mandated study to determine the extent to which eligible servicemembers are receiving assistance under HEROES.

Education agreed with the report’s findings and said the recommendation has merit. Education has agreed to explore options for conducting the study.

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To view the full product, including the scope and methodology, click on the link above. For more information, contact Cornelia Ashby at (202) 512-7215 or ashbyc@gao.gov.