

One Wisconsin Now: Unsealed memo exposes student loan servicer Navient pushing payment plans driving borrowers deeper into debt

Posted on Thursday, Sep 26, 2019

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

MADISON, Wis. — An internal memo from the giant student loan servicing corporation Navient, recently unsealed as part of a lawsuit brought by the Consumer Financial Protection Bureau, exposes how company policy pushed repayment options leaving borrowers with more debt. One Wisconsin Now Executive Director Analiese Eicher said the memo shows yet again how borrowers caught in the \$1.6 trillion student debt crisis have been treated unfairly by the system and the urgency to reform it.

“Student loan borrowers worked hard to get their education and took on the personal responsibility to pay for it,” said Eicher. “This memo exposes how a private corporation servicing their loans drove them deeper into debt instead of doing what was best to help borrowers pay off their loans. It’s yet another example of how the system is stacked against the over 45 million student loan borrowers and why we so desperately need reform.”

[According to media reports](#), Navient stressed moving borrowers into forbearance when they were financially struggling to make their monthly payments. The memo from a senior executive included the exhortation, “Forbear them, forbear them, make them relinquish the ball.”

While in forbearance, borrowers are able to temporarily stop making payments on their student loans. However, interest continues to accumulate on the loan and the accrued interest is added to the principal amount of the loan on which interest is

charged and which must be repaid.

Evidence also suggests loan servicer Navient preferred forbearance to other income-based repayment options for borrowers. In the same document promoting forbearance, employees were advised to also consider the company's bottom line, in addition to the borrowers, in suggesting repayment options to consumers.

Navient is one of the largest servicers in the nation of the over \$1.6 trillion in student loan debt held by over 45 million borrowers. They recently touted their ranking as a "Fortune 500" company, a listing of the biggest businesses in the U.S. based on their annual total revenue.

While Navient's revenue surges, [a recently released study](#) from The Institute for College Access and Success (TICAS) also shows the burden of student debt continues to expand. In Wisconsin, 64 percent of class of 2018 graduates had student loan debt, ranking in the top ten states in the nation for the percentage of graduates with debt. The average debt amount of \$31,705 also ranks high compared to the rest of the nation.

Gov. Tony Evers, his administration and State Treasurer Sarah Godlewski have formed a task force to study the student loan debt crisis and recommend legislation to make reforms to help borrowers. Democrats in the state legislature have also been leading efforts to provide relief for borrowers, proposing a state-based plan to help borrowers refinance their loans, just like you can with a mortgage, in every legislative session since 2013. The legislative proposal has been blocked by Republicans in control of both the state Senate and Assembly.

#

One Wisconsin Now is a statewide communications network specializing in effective earned media and online organizing to advance progressive leadership and values.