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May 8, 2026

The Honorable Tim Walberg  
Chair  
Committee on Education and Workforce  
U.S. House of Representatives  
Washington, DC 20515

Dear Chairman Walberg:

We write to request an oversight hearing regarding the activities of the Office of Federal Student Aid (FSA) at the Department of Education (Department). The urgency of an oversight hearing is heightened by the reduction in force (RIF) of FSA employees, the growing backlog of unprocessed Income Driven Repayment Plan (IDR) applications, and the Department's offloading of key responsibilities through interagency agreements (IAAs). The Department's actions have rendered FSA poorly equipped to support the most vulnerable students and borrowers, especially as colleges prepare to disburse financial aid for the new academic year, and P.L. 119-121<sup>1</sup> changes go into effect on July 1.

The Department's management of the federal student aid system has been marked by escalating dysfunction. Last year, the Department laid off 300 FSA employees and lost an additional 650 due to retirement or deferred resignation,<sup>2</sup> including staff critical to the implementation and oversight of FSA's core functions.<sup>3</sup> In the months following these layoffs, borrowers experienced unanswered calls, delayed email responses, and prolonged outages in student aid disbursement systems.<sup>4</sup> A recently released Government Accountability Office (GAO) report revealed persistent gaps in servicer oversight and recommended that the Department assess

<sup>1</sup> Pub. L. No. 119-21 § 82001 (2025).

<sup>2</sup> Jessica Blake, *Education Dept. Layoffs Leave Scars Behind the Scenes*, Inside Higher Ed (Mar. 11, 2026), <https://www.insidehighered.com/news/government/politics-elections/2026/03/11/layoffs-education-dept-leave-scars-behind-scenes>; Juan Perez, Jr. et al., *Education Department staff in disarray amid 'buyout' offer*, Politico (Feb. 5, 2025), <https://www.politico.com/news/2025/02/05/education-department-staffers-trump-resignation-offer-00202742>

<sup>3</sup> Danielle Douglas-Gabriel, *College financial aid hit with glitches, delays due to federal staffing cuts*, Wash. Post (Apr. 14, 2025), <https://www.washingtonpost.com/education/2025/04/14/student-loans-financial-aid-glitches-education-department-layoffs/>.

<sup>4</sup> *Id.*; Rebecca Carballo, *Depleted Education Department staff must brace for impossible to-do list, former officials caution*, Politico (Jul. 17, 2025), <https://www.politico.com/news/2025/07/17/education-department-cuts-student-loans-fafsa-00459032>.

servicer accuracy and call quality. GAO found that the current assessment methods used by the Department are not effective substitutes for quality oversight.<sup>5</sup>

At the same time, the Department has increasingly relied on a patchwork of IAAs to offload core responsibilities. This includes the Education Department's recent effort to shift major components of the student loan portfolio to the Treasury Department, starting with defaulted borrowers.<sup>6</sup> Lawmakers and policy experts have raised concerns that Treasury lacks the subject-matter expertise required to administer *Higher Education Act* (HEA) programs, and early evidence from other IAAs suggests that these arrangements have already produced inefficiencies and confusion for the public.<sup>7</sup>

These structural failures are occurring alongside a rapidly growing backlog in IDR and Public Service Loan Forgiveness (PSLF) processing.<sup>8</sup> The Department reported there were over 550,000 pending IDR applications at the end of last month, leaving borrowers without access to the affordable payments they are guaranteed under federal law.<sup>9</sup> The PSLF Buyback program faces similar delays, with nearly 90,000 borrowers waiting months for action on their applications and no clear plan from the Department to address the mounting queue.<sup>10</sup> Furthermore, with the Savings on a Valuable Education (SAVE) plan officially coming to an end, 7 million borrowers will be switching into new repayment plans in the coming months.<sup>11</sup> If these delays continue, they will impose significant financial and emotional burdens on borrowers left with no other options.<sup>12</sup>

In addition to these issues created by the Trump Administration, FSA must also implement the drastic federal student aid changes made in P.L. 119-21. The final rule for student loan changes was published last month, with most provisions going into effect on July 1, 2026.<sup>13</sup> Colleges

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<sup>5</sup> U.S. GOV'T ACCOUNTABILITY OFF., GAO-26-108534, *Federal Student Loans: Education Needs to Address Gaps in Servicer Oversight*, (2026), <https://www.gao.gov/products/gao-26-109069>.

<sup>6</sup> Press Release, U.S. Dep't of Educ., U.S. Department of Education and U.S. Department of Treasury Announce Historic Federal Student Assistance Partnership (Mar. 19, 2026), <https://www.ed.gov/about/news/press-release/us-department-of-education-and-us-department-of-treasury-announce-historic-federal-student-assistance-partnership>;

<sup>7</sup> Juan Perez et al., *The Education Department gave another agency power to distribute its money. It hasn't gone well.*, Politico, (Nov. 24, 2025) <https://www.politico.com/news/2025/11/24/the-education-department-gave-another-agency-power-to-distribute-money-it-hasnt-gone-smoothly-00663976>; Perez et. al., *supra* note 2; Natalie Schwartz, *Education Department to shift student loan duties to Treasury*, Higher Ed Dive (Mar. 19, 2026), <https://www.highereddive.com/news/education-department-shift-student-loan-duties-treasury/815267/>.

<sup>8</sup> Status Report, *Am. Fed'n of Tchrs. v. U.S. Dep't of Educ.*, No. 1:25-cv-802-RBW (D.D.C. Apr. 15, 2026), ECF No. 63, [https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.63.0\\_1.pdf](https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.63.0_1.pdf); Adam Minky, *643,000 Student Loan Borrowers Stuck in Backlogs as Applications Surge, Repayment Plans Change*, Forbes, (Apr. 15, 2026), <https://www.forbes.com/sites/adamminsky/2026/04/15/643000-student-loan-borrowers-are-stuck-in-backlogs-as-applications-surge/>.

<sup>9</sup> Jonaki Mehta & Sequoia Carrillo, *Linda McMahon punches back at senators questioning Education Department cuts*, NPR (Apr. 28, 2026), <https://www.npr.org/2026/04/28/nx-s1-5802968/education-secretary-linda-mcmahon-senate-hearing>.

<sup>10</sup> No. 1:25-cv-802-RBW *supra* note 8.

<sup>11</sup> Hannah Grabenstein, *Biden's SAVE plan for student loans is officially dead. Here's what experts suggest now*, PBS News (Apr. 14, 2026), <https://www.pbs.org/newshour/education/bidens-save-plan-for-student-loans-is-officially-dead-heres-what-experts-suggest-now>.

<sup>12</sup> Hannah Grabenstein, *As student loan defaults rise, experts worry about what's next*, PBS News (Apr. 29, 2026), <https://www.pbs.org/newshour/nation/with-new-student-loan-changes-borrowers-fear-unsustainable-payments-experts-fear-a-default-crisis>.

<sup>13</sup> Reimagining and Improving Student Education: Federal Student Loan Program, 91 Fed. Reg. 23,768 (May 1, 2026) (to be codified at 34 C.F.R. §§ 674, 682, 685).

now face substantial challenges preparing for changes in this extremely short timeframe. They will have to update student aid systems, communicate new loan limits accurately to students, and potentially change institutional aid policies to make up for the drastic loan cuts in P.L. 119-21, all within two months.<sup>14</sup>

This already “enormous undertaking” will be exacerbated by FSA staff shortages and general agency dysfunction.<sup>15</sup> We are deeply concerned that FSA does not have the capacity to fully implement the law while providing guidance for colleges, oversight of servicers, and resources for students and borrowers. Unfortunately, FSA is not offering much reassurance. Just last month, the Department sowed confusion by “providing conflicting answers” around how to treat lifetime loan limits.<sup>16</sup> Borrowers also still have no details on their new monthly payments or how to resolve any issues within the “bureaucratic mess” of the Department.<sup>17</sup> And Congress has yet to be informed how the agency plans to spend the \$1 billion we allocated for loan servicing under P.L. 119-21, despite over \$215 million of that allocation being already obligated<sup>18</sup> and court documents indicating FSA is using the funds to hire contract attorneys to adjudicate borrower defense claims.<sup>19</sup>

Given the lack of transparency from FSA and the ongoing attempts to dismantle the Department, we urge a full Committee hearing to examine the impact of the Department’s dysfunction and FSA’s capacity to implement P.L. 119-21. The Committee must assess whether FSA is meeting its obligations to provide students, borrowers, and colleges with timely, accurate, and helpful information. Thank you for your attention to this request. We look forward to working with you to support college students by fulfilling this Committee’s oversight responsibilities.

Sincerely,



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ROBERT C. “BOBBY” SCOTT  
Ranking Member



ALMA S. ADAMS  
Ranking Member  
Subcommittee on Higher Education and  
Workforce Development

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<sup>14</sup> *Loan Changes from the One Big Beautiful Bill Act: Brief for Campus Leaders*, Nat’l Assoc. of Stud. Aid Adm’rs (updated Mar. 9, 2026), [https://www.nasfaa.org/uploads/documents/OB3\\_Loan\\_Changes\\_Brief.pdf](https://www.nasfaa.org/uploads/documents/OB3_Loan_Changes_Brief.pdf).

<sup>15</sup> Sarah Sattelmeyer, *Five Takeaways from the Department of Education’s Student Loan Rulemaking*, New Amer. (Nov. 17, 2025), <https://www.newamerica.org/insights/five-take-aways-from-the-department-of-educations-student-loan-rulemaking/>.

<sup>16</sup> Maria Carrasco & Jill Desjean, *In a Reversal, ED Says Graduate PLUS Loans Will Count Toward New Lifetime Borrowing Limit*, Nat’l Assoc. of Stud. Aid Admins. (Apr. 20, 2026), <https://www.nasfaa.org/news-item/38730>.

<sup>17</sup> Grabenstein, *supra* note 11.

<sup>18</sup> U.S. Dep’t of Educ., Student Aid Administration Fiscal Year 2027 Budget Request 3 (April 2026), <https://www.ed.gov/media/document/fy-2027-congressional-justification-student-aid-administration-113832.pdf>.

<sup>19</sup> *Sweet v. McMahon*, No. 19-cv-03674-WHA, *Declaration of James Bergeron*, ¶ 36, <https://storage.courtlistener.com/recap/gov.uscourts.cand.344091/gov.uscourts.cand.344091.492.1.pdf>.