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United States Senate

November 9, 2026

The Honorable Linda McMahon
Secretary
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202

Dear Secretary McMahon:

Families with federal student loan debt rely on loan service companies to correctly process their loan payments, accurately convey important financial information, and respond promptly when they encounter difficulties with loan payment systems. Unfortunately, the U.S. Department of Education has decided to stop important assessments of whether loan service companies are accurately processing payments and appropriately responding to calls from families with student loan debt.[1] I urge the Department to immediately resume the work of measuring loan servicers' accuracy and call quality and to ensure that the Department has the capacity to properly oversee these services that are provided to families with federal student loan debt.

The federal government manages more than $1.6 trillion in student loan debt and relies heavily on loan servicer companies to service this debt. Service accuracy and quality are essential to ensuring that our nation's more than 40 million student loan borrowers have a well-functioning system to interact with. This is especially critical at a time when more than 10 percent of borrowers are in delinquency. [2]

In April 2024, the Department began new five-year contracts with five student loan servicers, with potential extensions of up to 10 years. [3] These contracts set servicer performance standards on specific metrics, including accuracy and call quality. Between July 2024 and December 2024, the Department found that four of five servicers failed to meet accuracy and call quality performance standards. As a result, the Biden Administration enforced financial penalties of approximately $850,000 on the loan servicers that failed to meet the performance standards. [4]

In February 2025, the Department stopped assessing student loan servicers on contractually obligated performance standards despite evidence that some servicers had previously failed to adequately meet standards. In a March 2026 U.S. Government Accountability Office (GAO) analysis, the GAO stated that these gaps in oversight may

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[1] U.S. Government Accountability Office, *Federal Student Loans: Education Needs to Address Gaps in Servicer Oversight*, GAO-26-108534 (March 2026)
[2] Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit: 2026 Q2* (Aug. 2026).
[3] Nelnet, *U.S. Department of Education Awards Leading Servicer Nelnet With New Contract* (May 4, 2023), https://nelnet.com/press-releases/nelnet-awarded-u-s-department-of-educations-usds-loan-servicing-contract/.
[4] https://www.gao.gov/assets/gao-26-108534.pdf#page=12

"negatively affect borrowers and enable systemic servicing problems to go unnoticed, which is contrary to Education's strategic objective to support borrowers in successfully repaying their loans and to hold contractors accountable." GAO also found that the Trump Administration's cuts to Federal Student Aid staff played a role in the Department's decision to stop evaluating servicer accuracy and call quality. Federal Student Aid staff play an essential oversight and accountability role in providing necessary customer service to borrowers who are working hard to repay their debt.

The GAO recommended that the Department resume measuring student loan servicer accuracy and call quality, which are essential in holding servicers accountable for their performance. The Department disagreed with this recommendation, in an apparent abandonment of its responsibility to deliver quality service to the American people. American taxpayers deserve optimal service from the federal government, and contractors must be held accountable for meeting contractually obligated performance standards.

I urge you to immediately resume assessments of whether student loan servicers are meeting all required performance standards and to ensure that the Department has the expert staff to provide this proper oversight.

Thank you for your attention to this important matter.

Sincerely,



Margaret Wood Hassan
United States Senator