



THE SECRETARY OF EDUCATION

WASHINGTON, DC 20202

March 19, 2026

Dear American students, families, and borrowers,

Earlier this afternoon, the Department of Education (ED) announced a historic partnership with the Department of the Treasury (Treasury) to drive much-needed reforms to our nation's federal student assistance programs. For too long, Americans have shouldered the consequences of poor leadership and persistent mismanagement of our federal student aid portfolio. Today's actions reclaim integrity and accountability for you, the American people.

Nearly 43 million Americans hold a staggering \$1.7 trillion in federal student loans. This is nearly [twice the size of all university endowments combined](#) and exceeds the [loan portfolio of JPMorgan Chase](#), the nation's largest bank. In effect, its magnitude alone makes the Department of Education what would be the fifth-largest commercial bank in the United States.

Unfortunately, the Department of Education has not proven adept at any of the competencies we look for in a world-class bank. It has not distinguished itself for stellar customer service or for piloting new technologies. Until the Trump Administration's reforms, the Free Application for Federal Student Aid (FAFSA®) form was riddled with technical jargon, software glitches, and took days or weeks for many students to complete.

It is not an efficient issuer of new loans. The previous Administration so botched the FAFSA form that, for months on end, not a *single* student could apply for aid, wondering if they'd be able to afford to go to college.

It has done little to provide students with transparency about the financial implications of their degree programs and loan choices. Americans have taken on crippling student debt as colleges raise tuition and treat federally-backed loans as a blank check underwritten by American taxpayers, leaving millions floundering financially. In fact, [23% of bachelor's and 43% of master's degree programs](#) leave students worse off than had they not enrolled.

And it has proven woefully unable to collect on debt owed to taxpayers. The previous Administration created a web of confusion, leaving borrowers uncertain about their repayment obligations, and lacking the tools and support to get back on track.

The status quo has failed our students and mired our nation in financial stalemate. It's time for an entity with deep experience in finance and banking to support this major fiscal responsibility.

Since 1789, Treasury has been the chief steward of the U.S. government's finances. As the issuer of our nation's sovereign debt and administrator of one of the largest fiscal operations in the world, Treasury brings centuries of expertise to financial management. Treasury already

does, at a much larger scale, much of what ED's Federal Student Aid office has struggled to do for decades.

Treasury is no stranger to balancing the interconnected interests and obligations of debtors, vendors, and taxpayers. It is well equipped for the responsibility of restoring accountability and transparency through each step of the journey, from liaising with vendors and institutions to facilitating responsible repayment.

The partnership announced today will unfold in multiple steps, in close consultation with the individuals most affected by it: students, parents, vendors, and institutions. We've also designed the transition to coincide with the implementation of the historic reforms in President Trump's Working Families Tax Cuts Act enacted last July, which simplifies the federal student aid process from start to finish.

For those who are wondering what impact the partnership will have on them:

Students and Families: You will continue to have access to the FAFSA form at the consistent and historic pace the Trump Administration has delivered.

Borrowers: You should continue to make payments through your student loan servicer, and should expect to receive regular communications from Federal Student Aid regarding upcoming changes outlined in the Working Families Tax Cuts Act or how to enroll in new, legal repayment plans. Treasury will assume operational responsibility for collecting on defaulted student loan debt and provide support to help return borrowers to repayment.

As we build this partnership, families and borrowers can expect improved delivery of federal student aid, and taxpayers can expect better management of the federal student loan portfolio. By streamlining procedures, we aspire to deliver consistent, high-quality customer service and clear communication.

This partnership safeguards our students, for many of whom access to education is the lifeblood of the American dream. Together, we will build a system worthy of the students and families who rely on it, and that delivers for the taxpayers who fund it.

Thank you for your partnership as we forge a stronger future for generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda E. McMahon", with a long, sweeping flourish extending to the right.

Linda E. McMahon