

Congress of the United States
Washington, DC 20515

October 24, 2023

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Ave NW
Washington, DC 20500

Dear President Biden:

We appreciate your leadership in supporting borrowers as they navigate the return to repayment of their federal student loans this month. As you work with your Administration to craft a domestic supplemental appropriations package for Fiscal Year (FY) 2023, we urge you to continue putting the needs of borrowers first by including robust additional funding for the Student Aid Administration account in the Office of Federal Student Aid (FSA) at the U.S. Department of Education (Department).

In addition to administering critical programs that make higher education more affordable and accessible for students of color and students from low-income families, such as Pell Grants, Federal Work Study, Federal Supplemental Educational Opportunity Grants (FSEOG), and Teacher Education Assistance for College and Higher Education (TEACH) grants, the Student Aid Administration account supports a wide array of functions that affect the more than 28 million Americans who began repaying their federal student loans this month and the roughly 43 million Americans who hold federal student loans.

These borrowers, many of whom are from backgrounds traditionally underrepresented in higher education and may have attended an institution that defrauded them, collectively hold more than \$1.6 trillion in student debt. Although we are grateful for your Administration's efforts to help relieve millions of borrowers of the generational burden of student debt through regulatory reforms and targeted forgiveness programs, we are concerned that a lack of additional funding for Student Aid Administration will hinder the Department's ability to communicate with borrowers effectively and proactively. Further, we are concerned that limited resources amid a litany of historic reforms including the implementation of the Saving on A Valuable Education (SAVE) plan, the FAFSA Simplification Act, and account adjustments to provide borrowers with the forgiveness they are owed will force the Department to make difficult choices. Specifically, a flat funding level for the Student Aid Administration account as the volume of work for FSA significantly increases will inevitably lead to declines in communication with loan servicers, poorer service for borrowers, cuts to indispensable staff members at the Office of Federal

Student Aid, and other negative consequences that will undoubtedly fall on the most vulnerable borrowers.

As payments resume, discrepancies and difficulties for borrowers continue to arise, and these issues will only worsen without sufficient resources for Student Aid Administration. For example, a recent New York Times article documents how the Missouri Higher Education Loan Authority, or MOHELA, provided many borrowers notice of an incorrect payment amount, leading to around 420,000 being assessed a higher monthly payment or paying more than they owe.¹ Although we're pleased to see that the Department is working to correct this error by communicating with servicers and issuing refunds to borrowers who paid too much, the process of communicating significant changes to the student loan system and offering refunds to borrowers will be delayed by borrowers' inability to reach their loan servicer in a timely manner.

We continue to hear from constituents with federal student loans who are worried about what the resumption of payments will mean for their short- and long-term financial planning. Although the vast majority of these borrowers will continue their responsible track record of making payments on their loans, a lack of sufficient federal funding for FSA and the Student Aid Administration account will undermine their ability to receive timely notifications and high-quality customer service from their loan servicers, understand the extent of their payment obligations, and make a plan to effectively reduce their debt.

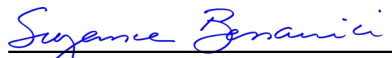
Advocacy groups also continue to highlight the need for additional funding for FSA and Student Aid Administration, citing the key role FSA plays in administering student aid and conducting oversight to protect borrowers, guarantee high-quality service and frequent communication from servicers, and effectively implement regulatory and statutory changes to federal student aid policies.²

As you finalize your domestic funding supplemental appropriations package, we again urge you to consider the declining capacity and increased responsibilities of the Department, needs of vulnerable borrowers returning to repayment, and the adverse economic effects of an uneasy return to repayment and include substantial funding for Student Aid Administration and FSA.

Sincerely,

¹ <https://www.nytimes.com/2023/10/16/your-money/student-loans-save-mistakes.html>

² See <https://www.americanprogress.org/article/funding-for-federal-student-aid-a-defining-moment-for-higher-education-programs/>; <https://tcf.org/content/commentary/without-adequate-funding-the-office-of-federal-student-aid-cant-support-borrowers/>; and <https://www.insidehighered.com/news/government/student-aid-policy/2023/05/11/federal-student-aid-funding-woes-complicate-resuming>



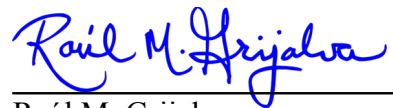
Suzanne Bonamici
Member of Congress



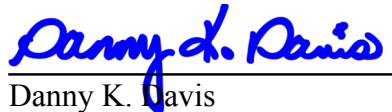
Lucy McBath
Member of Congress



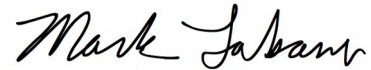
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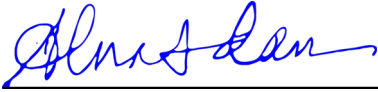
Barbara Lee
Member of Congress



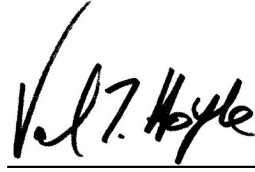
Terri A. Sewell
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Member of Congress



Josh Gottheimer
Member of Congress

CC: U.S. Secretary of Education Miguel Cardona