June 23, 2025

The Honorable John Thune
Majority Leader
U.S. Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mike Johnson
Speaker
U.S. House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Hakeem Jeffries
Minority Leader
U.S. House of Representatives
2267 Rayburn House Office Building
Washington, D.C. 20515

Dear Speaker Johnson, Majority Leader Thune, and Minority Leaders Schumer and Jeffries:

The National Council of Higher Education Resources, Student Loan Servicing Alliance, and Education Finance Council strongly urge Congress to maintain the $1 billion infusion of funding for federal student loan servicing in its Fiscal Year 2025 budget reconciliation legislative package. This critical investment is essential to ensuring borrowers receive the high-quality servicing environment they deserve as they navigate the return to repayment following an unprecedented and lengthy pandemic-related pause on federal student loan payments. The additional allocation will also ensure that servicers can implement any policy changes included in the legislation quickly and efficiently.

As you know, the federal student loan system serves over 40 million borrowers representing more than $1.5 trillion in outstanding debt. The complexity of managing this enormous portfolio requires robust, well-funded servicing operations that can provide borrowers with accurate information, timely processing of requests, and responsive customer support. During the early stages of the pandemic, the federal student loan payment pause provided relief during an unprecedented period of economic uncertainty. The extended nature of the pause created significant operational challenges as millions of borrowers grappled with potentially new repayment terms and regulations and following years of uncertainty caused by student loan forgiveness promises.

The $1 billion investment in federal student loan servicing passed through the House and proposed in draft Senate text represents a crucial down payment on borrower success. This down payment will benefit not only borrowers over time but the taxpayers who are on the hook for the outstanding loans made through the federal program. Regardless of the policy decisions Congress ultimately makes regarding repayment simplification or other program reforms, borrowers need and deserve a servicing infrastructure that works effectively. This funding will enable servicers to hire and train additional staff, upgrade technology systems, enhance customer service operations, and implement new processes required to best support borrowers' successful repayment.

The unprecedented mass transition back to repayment represents a critical inflection point for millions of American families. Students who graduated during the pandemic are making their first-ever student loan payments. Borrowers who were struggling before the pause may face even greater challenges in today's economic environment. Long-term borrowers may be confused about new repayment options or program changes implemented during the pause period. They may also have questions after getting transferred to a different servicer after many servicers exited the system because of the unworkable economics of their Department of Education contracts and burdensome compliance costs. All these borrowers deserve a servicing system that is adequately resourced to meet their needs.

We recognize that Congress faces difficult budget decisions and competing priorities. However, investing in effective student loan servicing is not merely an operational expense. Proper stewardship in the federal student loan system is critical to facilitate borrower success and honor the taxpayer and the federal fiscal interest. Quality servicing reduces defaults, improves borrower outcomes, protects taxpayer investments in higher education, and maintains public confidence in federal student aid programs.

This $1 billion servicing investment in budget reconciliation, which supplements the money annually appropriated for this work, will yield dividends far beyond its cost by preventing borrower confusion, processing backlogs, and systemic failures that inevitably result from underfunded operations. As borrowers return to repayment, they need to trust that the servicing system will work efficiently and fairly. This funding investment helps ensure that the system meets borrowers where they are and gives them the tools and information they need to repay their loans. Successful borrower repayment will return hundreds of billions of dollars to the taxpayers to reinvest in the next generation of college students.

We urge you to prioritize maintaining this essential funding regardless of other policy changes under consideration. Please let us know how we can assist you as the process continues.

Sincerely,

Alexander M. Ricci
President
National Council of Higher Education Resources

C. Tapscott Buchanan
Executive Director
Student Loan Servicing Alliance

Gail daMota
President
Education Finance Council

cc: Chairman Cassidy
Chairman Walberg
Ranking Member Sanders
Ranking Member Scott