

# United States Senate

WASHINGTON, DC 20510

April 9, 2023

The Honorable Tammy Baldwin  
Chair  
Subcommittee on Labor, Health and Human  
Services, Education, and Related Agencies  
141 Hart Senate Office Building  
Washington, D.C. 20510

The Honorable Shelley Moore Capito  
Ranking Member  
Subcommittee Labor, Health and Human  
Services, Education, and Related Agencies  
172 Russell Senate Office Building  
Washington, D.C. 20510

Dear Chair Baldwin and Ranking Member Capito,

As the subcommittee considers the Fiscal Year 2024 Labor, Health and Human Services, Education, and Related Agencies appropriations bill, we request you provide \$2.7 billion – consistent with the President’s budget – to fund the Office of Federal Student Aid (FSA).<sup>1</sup>

FSA is the largest provider of student financial aid in the nation, overseeing a \$1.6 trillion program that serves nearly 44 million people.<sup>2</sup> FSA is responsible for managing the financial assistance programs authorized under Title IV of the *Higher Education Act*, which includes work-study, grant funding, and loan funds for students seeking college or a career and technical education.<sup>3</sup> Fully funding the President’s request for FSA this fiscal year – a \$620 million increase from FY 2023<sup>4</sup> – is particularly critical given that FSA’s FY 2023 funding was stagnant from the previous year, which severely undermines FSA’s ability to implement critical programs.

FSA is currently expected to make major improvements to student loan servicing, including an overhaul of the Free Application for Federal Student Aid (FAFSA) as Congressionally-required through the *Fostering Undergraduate Talent by Unlocking Resources for Education Act* (FUTURE Act) and the *FAFSA Simplification Act*, which work together to expand access to federal aid and address longstanding concerns over the complexity of the application process.<sup>5</sup> The student aid application and award process have been widely critiqued for their length, complexity, and lack of transparency for students and their families.<sup>6</sup> Students are typically unaware of how much federal aid they may be eligible for until they receive a university’s financial award letter. This additional FSA funding is necessary to simplify the current FAFSA:

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<sup>1</sup> White House, “Budget of the U.S. Government FISCAL YEAR 2024,” report, p. 70, [https://www.whitehouse.gov/wp-content/uploads/2023/03/budget\\_fy2024.pdf](https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf).

<sup>2</sup> Federal Student Aid, “Federal Student Loan Portfolio,” <https://studentaid.gov/data-center/student/portfolio>.

<sup>3</sup> Federal Student Aid, “About Us,” <https://studentaid.gov/about>.

<sup>4</sup> White House, “Budget of the U.S. Government FISCAL YEAR 2024,” report, p. 70, [https://www.whitehouse.gov/wp-content/uploads/2023/03/budget\\_fy2024.pdf](https://www.whitehouse.gov/wp-content/uploads/2023/03/budget_fy2024.pdf).

<sup>5</sup> Federal Student Aid, “What is the FAFSA Simplification Act,” <https://studentaid.gov/help-center/answers/article/fafsa-simplification-act>.

<sup>6</sup> The Heichinger Report, “One surprising barrier to college success: Dense higher education lingo,” Andy Johnston, June 14, 2019, <https://heichingerreport.org/one-surprising-barrier-to-success-in-college-understanding-higher-education-lingo/>.

a 10-page form with more than 100 questions,<sup>7</sup> which may discourage potential students and their families from applying for aid needed to access and successfully complete college or job training programs. The *FUTURE Act* and *FAFSA Simplification Act* will make significant changes to streamline and shorten the application and award process, making federal student aid more accessible to all students.<sup>8</sup>

Further, FSA is expected to implement a series of necessary reforms to fix aspects of the student loan system that have failed borrowers, including making long-overdue improvements to the Public Service Loan Forgiveness (PSLF) program, increasing accountability efforts to root out predatory programs, introducing a new and transformative income-driven repayment plan (IDR) that will dramatically reduce borrowers' payments, completing a review of millions of borrower records to determine if borrowers have been improperly denied relief due to longstanding flaws of the IDR program, and implementing President Biden's historic student debt cancellation plan.<sup>9</sup> In addition, FSA is responsible for overseeing the herculean task of helping millions of federal student loan borrowers resume payments on their loans, or enter repayment for the first time, following the expiration of the payment pause after more than three years.<sup>10</sup> FSA and its services will be expected to communicate important timelines, provide an accessible call center service, answer questions from millions of borrowers, and accurately process extensive paperwork to ensure a smooth transition for borrowers back into repayment.<sup>11</sup> The Department of Education has projected that without additional loan relief, ending the payment pause will result in a devastating spike in delinquencies and defaults.<sup>12</sup> However, that projection would understate the catastrophic consequences for millions of working and middle-class Americans if FSA also lacks sufficient funding to provide the outreach and servicing needed to assist borrowers simultaneously needing to navigate the requirements and options for starting payments.

Last year's flat funding of FSA could lead to severe implementation delays that harm families and undermine Congress' directive. This is particularly concerning given that implementation of the *FAFSA Simplification Act*, which passed in Congress in 2020, has already faced a year-long delay, which may be further exacerbated due to underfunding.<sup>13</sup> Earlier this month, FSA officials announced that a redesigned version of the FAFSA will not be ready to accept applications until

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<sup>7</sup> Federal Student Aid, "2022-2023 Free Application for Federal Student Aid," <https://studentaid.gov/sites/default/files/2022-23-fafsa.pdf>.

<sup>8</sup> Federal Student Aid, "FAFSA Simplification: A Better FAFSA Process Means a Better Future for Borrowers," <https://financialaidtoolkit.ed.gov/tk/announcement-detail.jsp?id=better-fafsa-better-future>.

<sup>9</sup> The White House, "FACT SHEET: President Biden Announces Student Loan Relief for Borrowers Who Need It Most," press release, August 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/24/fact-sheet-president-biden-announces-student-loan-relief-for-borrowers-who-need-it-most/>; The Department of Education, "Department of Education Announces Actions to Fix Longstanding Failures in the Student Loan Programs," press release, April 19, 2022, <https://www.ed.gov/news/press-releases/departments-education-announces-actions-fix-longstanding-failures-student-loan-programs>.

<sup>10</sup> Federal Student Aid, "COVID-19 Emergency Relief and Federal Student Aid," <https://studentaid.gov/announcements-events/covid-19>; Congressional Research Service, "Federal Student Loan Debt Relief in the Context of COVID-19," report, Alexandra Hegji, October 12, 2022, <https://crsreports.congress.gov/product/pdf/R/R46314>.

<sup>11</sup> NPR, "Exclusive: New Biden student loan plan unveiled amid agency funding crisis," Cory Turner, January 10, 2023, <https://www.npr.org/2023/01/10/1147758692/exclusive-new-biden-student-loan-plan-unveiled-amid-agency-funding-crisis>.

<sup>12</sup> *State of Nebraska v. Biden* (8<sup>th</sup> Circuit, 2023), Exhibit 1, p. 8, <https://www.courtlistener.com/docket/65385675/27/1/state-of-nebraska-v-biden/>.

December 2023 – two months after the annual October 1<sup>st</sup> release of the form – which could create massive disruptions and delays in providing students with their financial aid offers and impact their ability to make decisions on their futures.<sup>14</sup> Without additional funding, it is also unclear if FSA has the resources to restore the seven million federal student loan borrowers from default to good standing through the Fresh Start program or process borrower defense applications from students who attended schools that misled them.<sup>15</sup> *NPR* reported that under FSA’s current budget, the agency would not be able to make necessary reforms to IDR without delaying or scaling back other obligations to borrowers.<sup>16</sup>

FSA’s responsibilities have increased to protect students and borrowers, but its federal funding has remained stagnant. The lack of adequate resources creates more barriers for students to continue their education. We believe this funding request is needed to provide FSA with the resources it needs to fulfill its goal of ensuring that all eligible students and families can access federal student grants, loans, and work-study funds to pursue education and training beyond high school. Thank you for your time and consideration of this request and your continued support in sustaining the strengthening of FSA.

Sincerely,



Elizabeth Warren  
United States Senator



Sherrod Brown  
United States Senator



Tina Smith  
United States Senator



Tammy Duckworth  
United States Senator


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<sup>13</sup> Inside Higher Ed, “Education Department Hints at Possible Delay of FAFSA,” Katherine Knott, February 8, 2023, <https://www.insidehighered.com/news/2023/02/08/education-department-hints-possible-delay-new-fafsa>.

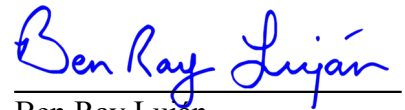
<sup>14</sup> Federal Student Aid, “Implementing the 2024–25 FAFSA Process,” March 21, 2023, <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2023-03-21/implementing-2024-25-fafsa-process>.

<sup>15</sup> NPR, “The student loan pause has been extended until the end of the summer,” Cory Turner, April 6, 2022, <https://www.npr.org/2022/04/06/1091018301/student-loan-pause-extended>.

<sup>16</sup> NPR, “Exclusive: New Biden student loan plan unveiled amid agency funding crisis,” Cory Turner, January 10, 2023, <https://www.npr.org/2023/01/10/1147758692/exclusive-new-biden-student-loan-plan-unveiled-amid-agency-funding-crisis>.



Richard Blumenthal  
United States Senator



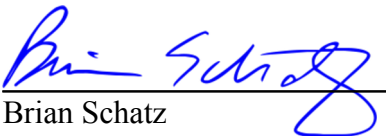
Ben Ray Lujan  
United States Senator



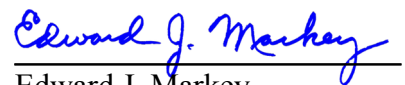
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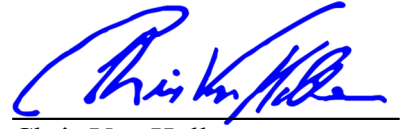


Peter Welch  
United States Senator



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Bernard Sanders  
United States Senator



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Chris Van Hollen  
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Alex Padilla  
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