



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

April 16, 2026

The Honorable Elizabeth Warren
United States Senate
Washington, DC 20510

Dear Senator Warren:

Thank you for your April 1, 2026 letter on the recently announced Federal Student Assistance Partnership between the Treasury Department and the U.S. Department of Education (ED). Under the new interagency agreement, Treasury will assume operational responsibility for collecting on defaulted federal student loan debt and provide operational support to ED's efforts to return borrowers to repayment. In subsequent phases of the partnership, Treasury will work to provide operational support for non-defaulted federal student loan debt, to the extent practicable and permitted by law, while also seeking opportunities to provide operational support to Federal Student Aid's other functions.

This partnership is both lawful¹ and necessary. Many years of mismanagement, particularly during the Biden Administration, left the federal student loan portfolio in disarray. Rather than providing borrowers with the tools to manage and repay their student loans, ED focused on implementing unlawful repayment and forgiveness schemes that shifted debt to taxpayers and created ongoing confusion for borrowers and families. Notably, the Biden Administration terminated all of ED's private collections contracts in 2021, leaving ED with little vendor infrastructure to handle inbound calls or conduct outbound calls to assist the more than 9 million borrowers in default who could enroll in a repayment plan or rehabilitation agreement and move their loans back into good standing. As a result, many defaulted borrowers have languished in default for more than six years, damaging their credit scores and the ability to pursue the American dream.

Treasury is well positioned to provide operational support to ED's ongoing work to enhance the management of its federal student assistance programs, building on ED and Treasury's long history and strong partnership in managing federal student assistance programs.

Since the interagency agreement was signed on March 19, Treasury and ED have begun the early stages of implementing Phase 1 of the partnership. During this phase, Treasury will assume operational responsibility for collecting defaulted federal student loan debt, leveraging private default resolution agencies to help defaulted borrowers enroll in rehabilitation or otherwise return to good standing. To the extent allowed by law, Treasury will also assume operational responsibilities for FSA's Default Resolution Group, which provides direct support for those borrowers who have defaulted on their student loans and operates the Default Management and Collections System (DMCS).

I am pleased to share that the partnership has already achieved two significant milestones:

¹ The interagency agreement cites numerous relevant statutory authorities for ED to acquire these services from Treasury and for Treasury to perform the services. See, e.g., sections II.A, II.B, II.C, and III of the agreement.

- On March 20, Treasury’s Bureau of the Fiscal Service (BFS) released a [request for information](#) (RFI) to obtain industry and other stakeholder input on a draft solicitation for Default Resolution Agents (DRAs, previously referred to as Private Collection Agencies). Responses will inform BFS’s procurement of DRAs to assist borrowers with returning their loans to repayment.
- On April 3, Treasury and ED signed a memorandum of understanding under which initially seven ED employees will be detailed to Treasury and two Treasury employees will be detailed to ED. These staff details will support the implementation of the partnership, with an initial focus on the transition of operational responsibility for the defaulted portfolio to Treasury.

Treasury will be glad to provide further updates as implementation of the partnership progresses. Treasury’s operational role in the partnership draws on the Department’s authorities and expertise as one of the largest and most trusted financial management operations in the world. ED will continue to perform its statutory functions and is best positioned to address your questions on those responsibilities.

We thank you again for your interest in our work to enhance the administration of federal student aid programs, mitigate the continuing fallout and cost to taxpayers from the Biden Administration’s mismanagement of the federal student loan portfolio, and facilitate the return of defaulted borrowers to repayment.

Sincerely,



Mason Champion
Principal Deputy Assistant Secretary
Office of Legislative Affairs

Identical letter sent to:

- The Honorable Ron Wyden
- The Honorable Bernard Sanders
- The Honorable Patty Murray
- The Honorable Tammy Baldwin