

Congress of the United States

Washington, DC 20515

November 16, 2025

The Honorable Linda McMahon
Secretary of Education
U.S. Department of Education
400 Maryland Ave SW
Washington, DC 20202

The Honorable Scott Bessent
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, DC 20220

Dear Secretary McMahon and Secretary Bessent:

We write in light of reports of ongoing conversations between the Trump Administration and finance executives about the potential sale of the federal student loan portfolio to the private sector.¹

According to an October 7, 2025 report from Politico, “Trump administration officials are exploring options to sell off parts of the federal government’s \$1.6 trillion student loan portfolio to the private market.”² For months, senior Education and Treasury Department officials, DOGE appointees, finance executives, and potential buyers of the debt have allegedly held discussions around a sale.³ Officials are also reportedly considering retaining a private consulting firm to appraise the value of the debt portfolio to ready the loans for a sale.⁴ The Trump Administration considered a similar student loan sale gambit in 2019 and abandoned the idea after a consultant’s review.⁵

Let’s be clear: This sale would be a giveaway to wealthy insiders at the expense of working-class borrowers and taxpayers. It threatens the loss of borrowers’ legally guaranteed protections, and the sale would likely be illegal if the debt is sold at a loss for taxpayers. We urge you to immediately cease any efforts to privatize the federal student loan portfolio.

Sale of the Student Loan Portfolio Could Illegally Strip Borrowers of Key Protections

By selling parts of the federal student loan portfolio, the Trump Administration may seek to unlawfully strip borrowers of their legally guaranteed protections. America’s 45 million⁶ federal

¹ Politico, “Trump administration considers sale of federal student loan debt,” Michael Stratford, October 7, 2025, https://www.politico.com/news/2025/10/07/trump-administration-selling-federal-student-loan-portfolio-00595456?fbclid=IwY2xjawNU_ApleHRuA2FlbQIxMQABHv_LSraMnzdo01PD5eDZfls4riLHPBmzFT3opiJxyAZXpLXpnTfRdWBjB9ym_aem_JNH6dH-wUOOmbpDSNDkz0A.

² *Id.*

³ *Id.*

⁴ *Id.*

⁵ Wall Street Journal, “Trump Administration Hires McKinsey to Evaluate Student-Loan Portfolio,” Michelle Hackman, Josh Mitchell, and Lalita Clozel, May 1, 2019, <https://www.wsj.com/articles/trump-administration-hires-mckinsey-to-evaluate-student-loan-portfolio-11556728035>.

⁶ U.S. Department of Education, “Federal Student Aid: Fiscal Year 2024 Annual Report”, November 14, 2025, pp. 16, <https://studentaid.gov/sites/default/files/fy2024-fsa-annual-report.pdf>.

student loan borrowers are legally entitled to substantive protections, such as income driven repayment (IDR) plans, Public Service Loan Forgiveness (PSLF), disability and death discharges, and relief for those defrauded by predatory schools.⁷ In contrast, private lenders typically do not guarantee these kinds of borrower rights.⁸ As experts have explained, private investors’ “interest would likely be to squeeze as much profit from the repayment as they could.”⁹ Those profits would likely come at the expense of the borrower via fewer protections and less generous benefits.

However, the federal government cannot simply eliminate its legal obligations to borrowers. Federal law requires that the protections guaranteed in the original terms of a borrower’s loan must be honored even if the Department of Education proceeds with a sale.¹⁰ As stated in the *Higher Education Act*, each loan sold “shall be separately enforceable in all Federal and State courts...in accordance with the terms” of the original loan.¹¹ Any attempt to strip federal borrowers of their current protections through the sale of student debt would be illegal and would open the door to exploitative behavior by schools and private loan servicers.

Sale of the Student Loan Portfolio Could Result in Taxpayer Losses

Second, because the *Higher Education Act* clearly states that any sale of student loans “shall not result in any cost to the Federal Government,” the sale of federal student debt would be illegal if it came at a loss to taxpayers.¹²

There are ample reasons to believe that a sale of the student loan portfolio would be a bad deal for taxpayers. The sale has been characterized as “a dubious idea that made little fiscal sense. Private investors...wouldn’t be willing to pay more than the loans are worth.”¹³ As Preston Cooper, a higher education expert from the American Enterprise Institute, noted, “I really don’t see a scenario here where taxpayers come out ahead...I think the most likely scenario is that taxpayers get less than the loans are actually worth.”¹⁴

⁷ Congressional Research Service, “Federal Student Loan Forgiveness and Loan Repayment Programs,” Sylvia L. Brian, Alexandra Hegji, and Elayne J. Heisler, October 1st, 2024, <http://congress.gov/crs-product/R43571>; U.S. Department of Education, Federal Student Aid, “William D. Ford Federal Direct Loan Program, Direct Subsidized Loan and Direct Unsubsidized Loan Borrower’s Rights and Responsibilities Statement,” <https://studentaid.gov/app/viewCounselingHtml.action?version=10&type=subunsub>; U.S. Department of Education, “Income-Driven Repayment Plans,” <https://studentaid.gov/manage-loans/repayment/plans/income-driven>.

⁸ Protect Borrowers, “Private Lenders Would Cash In on Congress’s Student Loan Changes,” Carolyn Fast and Ella Azoulay, May 20, 2025, <https://protectborrowers.org/private-lenders-would-cash-in-on-congress-student-loan-changes/#c49c1b89-ebf9-4d2b-b1fb-1f2160eb5ffd>.

⁹ The Guardian, “Trump officials reportedly consider selling student loan debt to private investors,” Marina Dunbar, October 12, 2025, <https://www.theguardian.com/us-news/2025/oct/12/trump-sell-student-loan-debt>.

¹⁰ Higher Education Act of 1965, P.L. 89–329, SEC. 432. [20 U.S.C. 1082] (M)(1)(iii) SALE; ASSIGNMENT; ENFORCEABILITY., p. 385, <https://www.govinfo.gov/content/pkg/COMPS-765/pdf/COMPS-765.pdf>.

¹¹ *Id.*

¹² Higher Education Act of 1965, P.L. 89–329, SEC. 459. [20 U.S.C. 1087i] AUTHORITY TO SELL LOANS, p. 508, <https://www.govinfo.gov/content/pkg/COMPS-765/pdf/COMPS-765.pdf>.

¹³ Politico, “Trump administration considers sale of federal student loan debt,” Michael Stratford, October 7, 2025, https://www.politico.com/news/2025/10/07/trump-administration-selling-federal-student-loan-portfolio-00595456?fbclid=IwY2xjawNU_ApleHRuA2FlbQIxMQABHv_LSraMnzdo01PD5eDZfls4riLHPBmzFT3opiJxyAZXpLXpnTfRdWBjB9ym_aem_JNH6dH-wUOOmbpDSNDkz0A.

¹⁴ *Id.*

The data backs up these concerns: sales of government-backed student debt have historically short-changed taxpayers. In 2017, the United Kingdom (UK) sold the loans of 400,000 borrowers at around half of their estimated value to private lenders and banks.¹⁵ This amounted to a loss to the UK taxpayer of nearly \$800 million.¹⁶ Furthermore, as a result of a previous failed attempt to sell the student loan portfolio, the Trump Administration already possesses information suggesting that the sale of student loans would not be in the government's fiscal interest. In 2019, the Administration enlisted consultants to assess the value of the student loan portfolio,¹⁷ and according to consultants at McKinsey, the portfolio was assessed to be "worth far less than government accountants had projected," and the idea of selling the portfolio was rightfully abandoned.¹⁸

Sale of the Student Loan Portfolio Would Enrich Special Interests at the Expense of Borrowers and Taxpayers

Time and again, the Trump Administration has put the interests of well-connected, wealthy insiders ahead of working families. We are concerned that the sale of the federal student debt portfolio would represent another example of this Administration enriching private companies at the expense of working-class borrowers and taxpayers.

The sale of federal student loans would be a lucrative giveaway to the multi-billion-dollar private lending industry, which has a demonstrated history of exploiting vulnerable borrowers for financial gain. Private lenders have pushed students into subprime private loans and exploitative tuition payment plans that carry high interest rates and exorbitant late fees that turn into long-term debts if a student ever misses a payment.¹⁹ Though private lenders currently account for only 8 percent of all student loans, they account for more than 40 percent of student debt complaints before the Consumer Financial Protection Bureau.²⁰

The CEO of SoFi, a major private lender has even said that "[i]f the government backs away from providing in-school loans...we'll absolutely capture that opportunity," terming a potential sale "a revenue stream sort of day one."²¹ In fact, the company's stock price rose at the mention

¹⁵ National Audit Office, United Kingdom, "The sale of student loans," press release, July 20, 2018, <https://www.nao.org.uk/press-releases/the-sale-of-student-loans/>.

¹⁶ *Id.*

¹⁷ Wall Street Journal, "Trump Administration Hires McKinsey to Evaluate Student-Loan Portfolio," Michelle Hackman, Josh Mitchell, and Lalita Clozel, May 1, 2019, <https://www.wsj.com/articles/trump-administration-hires-mckinsey-to-evaluate-student-loan-portfolio-11556728035>.

¹⁸ Politico, "Trump administration considers sale of federal student loan debt," Michael Stratford, October 7, 2025, <https://www.politico.com/news/2025/10/07/trump-administration-selling-federal-student-loan-portfolio-00595456?fbclid=IwY2xjawNUApleHRuA2FlbQIxMQABHvLSraMnzdo01PD5eDZfls4riLHPBmzFT3opiJxyAZXpLXpnTfRdWBjB9ymaemJNH6dH-wUOOmbpDSNDkz0A>.

¹⁹ Testimony of Aissa Canchola Bañez to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, September 17, 2024, https://www.banking.senate.gov/imo/media/doc/canchola_testimony_9-17-24.pdf.

²⁰ The Century Foundation, "Private Lenders Would Cash In on Congress's Student Loan Changes," Carolyn Fast and Ella Azoulay, May 20, 2025, <https://tcf.org/content/commentary/private-lenders-would-cash-in-on-congressstudent-loan-changes/>.

²¹ SoFi Technologies, "First Quarter 2025 Earnings," April 29, 2025, pp. 22, https://s27.q4cdn.com/749715820/files/doc_financials/2025/q1/SOFI-Q1-2025-Transcript Edited 4-29-25-

of a potential sale.²² Furthermore, given the lack of transparency from the Administration to date, it is unclear who the “finance executives” that have been discussing the sale with Treasury and ED are and what inside information or preferential advantage they might seek to exploit in a potential sale at borrowers’ expense. And given the numerous high-level Trump officials with egregious conflicts of interest, the pay-to-play culture of the Administration, and the concerning number of Trump officials appointed to the Department of Education with ties to for-profit colleges²³ and the private education industry,²⁴ we are highly concerned about conflicts of interest and the use of the publicly-owned student loan portfolio to enrich well-connected industry insiders at the expense of the working class.

Conclusion and Questions

The Trump Administration should immediately stop any plans to sell or transfer responsibility of the student debt portfolio to the private, often predatory, market. The Department of Education’s role in providing financial aid to America’s students is clear, and the Department should not take any action that would enrich the wealthy and well-connected at the expense of working-class borrowers and taxpayers.²⁵

Additionally, in order to assist us in fulfilling our legislative responsibilities with regard to the operation of the federal student loan program and the Department of Education, and to better understand your plans and how they would affect borrowers and taxpayers, we request the following information by December 1, 2025.

1. Reports allege that in recent months, Treasury and ED officials repeatedly met with “finance executives” and have sought to value the government’s debt to prepare for a potential sale of the portfolio.²⁶ Is this reporting accurate?
 - a. Please provide the names of all individuals who participated in these meetings, the firms they represented, and the dates of such meetings.
 - i. Did they include *Education Affiliates*?
 - ii. Did they include the national organization *Career Education Colleges and Universities*?
 - b. Did the Trump Administration take steps to ensure there were no conflicts of interest between representatives present and members of the Administration?

docx.pdf.

²² Nasdaq, “Why SoFi Stock Spiked This Week,” Chris Neiger, October 10, 2025, <https://www.nasdaq.com/articles/why-sofi-stock-spiked-week>.

²³ *Id*; Inside Higher ED, “Under Secretary Nicholas Kent Sets Priorities for Higher Ed,” Jessica Blake, August 5, 2025, <https://www.insidehighered.com/news/government/student-aid-policy/2025/08/05/nicholas-kent-sworn-under-secretary-education>.

²⁴ ProPublica, “These Activists Want to Dismantle Public Schools. Now They Run the Education Department,” Megan O’Matz and Jennifer Smith Richards, October 8, 2025, <https://www.propublica.org/article/education-department-public-schools-activists-linda-mcmahon-trump>.

²⁵ 20 U.S.C. 1070 (b) – Higher Education Act of 1965, Section 400 (pp. 182). <https://www.govinfo.gov/content/pkg/COMPS-765/pdf/COMPS-765.pdf>.

²⁶ Politico, “Trump administration considers sale of federal student loan debt,” Michael Stratford, October 7, 2025, https://www.politico.com/news/2025/10/07/trump-administration-selling-federal-student-loan-portfolio-00595456?fbclid=IwY2xjawNU_ApleHRuA2FlbQIxMQABHv_LSraMnzdo01PD5eDZfls4riLHPBmzFT3opiJxyAZXpLXpnTfRdWBjB9ym_aem_JNH6dH-wUOOmbpDSNDkz0A.

- c. Did any of the finance executives present have any financial ties with officials working in the Trump Administration?
 - d. Please provide a list of all federal government personnel present at such meetings.
 - e. What was discussed at these meetings? Please provide any transcripts, notes, or meeting agendas.
 - f. Were representatives from public interest groups representing borrowers present in these discussions?
2. How does the government plan to proceed with selling federal student loans?
 - a. Which portion of the student loan portfolio would be sold?
 - b. How many borrowers' loans would be included in the sale?
 - c. What is the government's expected timeline for any sale?
3. All borrowers are entitled to the protections the federal government guarantees as set in the terms of federal loan agreements.²⁷ In any transfer of the debt portfolio from the Department of Education to any private entities, would the Trump Administration still guarantee these protections, debt relief options (e.g., PSLF), and repayment options?
4. The Trump Administration previously enlisted consultants to assess the value of the student portfolio in 2019 but abandoned the idea after the assessment found that it would be impractical to sell.²⁸
 - a. Please provide a copy of this analysis.
 - b. What has changed since this analysis was completed?
5. According to reports, the Administration is considering, "bringing in an outside consulting firm or bank to analyze the student loan programs and assess how the private market would value parts of the portfolio."²⁹ To date, have any banks or consulting firms been contracted by the Department to assess the value of the student debt portfolio?
 - a. If so, please provide a copy of the assessment.
 - b. Which companies are making the assessment?
 - c. What is the cost of the assessment to taxpayers?
 - d. Will the results of this assessment be made public and does the assessment include an analysis of the long-term fiscal impacts of a student debt sale on the government deficit?

²⁷ U.S. Department of Education, Federal Student Aid, "William D. Ford Federal Direct Loan Program, Direct Subsidized Loan and Direct Unsubsidized Loan Borrower's Rights and Responsibilities Statement," <https://studentaid.gov/app/viewCounselingHtml.action?version=10&type=subunsub>; Congressional Research Service, "Federal Student Loan Forgiveness and Loan Repayment Programs," Sylvia L Brian, Alexandra Hegji, and Elayne J. Heisler, October 1st, 2024, <http://congress.gov/crs-product/R43571>.

²⁸ Wall Street Journal, "Trump Administration Hires McKinsey to Evaluate Student-Loan Portfolio," Michelle Hackman, Josh Mitchell, and Lalita Clozel, May 1, 2019, <https://www.wsj.com/articles/trump-administration-hires-mckinsey-to-evaluate-student-loan-portfolio-11556728035>.

²⁹ Politico, "Trump administration considers sale of federal student loan debt," Michael Stratford, October 7, 2025, https://www.politico.com/news/2025/10/07/trump-administration-selling-federal-student-loan-portfolio-00595456?fbclid=IwY2xjawNU_ApleHRuA2FlbQIxMQABHv_LSraMnzdo01PD5eDZfls4riLHPBmzFT3opiJxyAZXpLXpnTfRdWBjB9ym_aem_JNH6dH-wUOmbpDSNDkz0A.

- e. If the assessment concludes any sale of part or all of the student loan portfolio would result in a loss to taxpayers, will the Administration cease consideration and exploration of the plan to sell?
- 6. Fox News reported on October 9th, 2025 that Treasury officials have run “multiple models” on the potential sale of student loan debt to the private sector.³⁰
 - a. Please share any Treasury analyses conducted on the sale of student loan debt to the private sector. What were the results?
 - i. What variables did Treasury officials consider in building the model?
 - ii. Did Treasury officials evaluate the long-term fiscal impacts of a student debt sale on the government deficit?
 - b. Treasury is also reported to be conducting a “Restructuring Review” of the federal student debt portfolio, with the intention of transferring the student debt portfolio to Treasury. When will the report be finalized and sent to Congress?
- 7. Would a sale of the federal student loan portfolio be a competitive and open process?

Thank you for your attention to this important matter.

Sincerely,

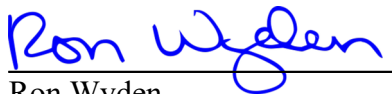

Elizabeth Warren
United States Senator


Bernard Sanders
United States Senator
Ranking Member, Committee
on Health, Education, Labor,
and Pensions

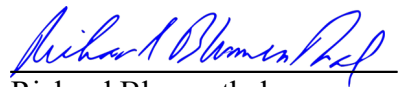

Ayanna Pressley
Member of Congress


Danny K. Davis
Member of Congress

³⁰ Fox News, “Trump administration may sell student loan debt. What it means for borrowers,” Daniel Miller, October 9, 2025, <https://www.fox7austin.com/news/trump-administration-student-loan-debt-borrowers>.



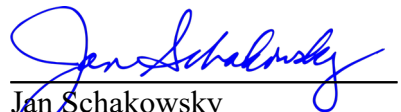
Ron Wyden
United States Senator



Richard Blumenthal
United States Senator



Jeffrey A. Merkley
United States Senator



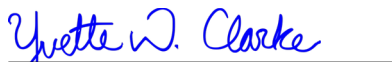
Jan Schakowsky
Member of Congress



Alexandria Ocasio-Cortez
Member of Congress



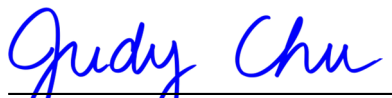
Rashida Tlaib
Member of Congress



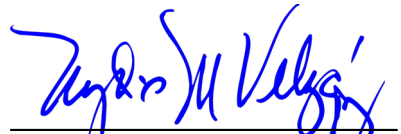
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Member of Congress



Lateefah Simon
Member of Congress



Judy Chu
Member of Congress



Nydia M. Velázquez
Member of Congress



LaMonica McIver
Member of Congress



Summer L. Lee
Member of Congress



Henry C. "Hank" Johnson, Jr.
Member of Congress



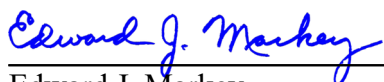
Terri A. Sewell
Member of Congress



Delia C. Ramirez
Member of Congress



Steve Cohen
Member of Congress



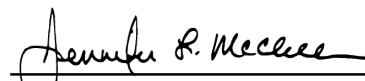
Edward J. Markey
United States Senator



Kirsten Gillibrand
United States Senator



Dwight Evans
Member of Congress



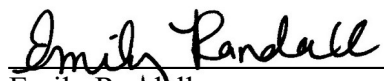
Jennifer L. McClellan
Member of Congress



Ilhan Omar
Member of Congress



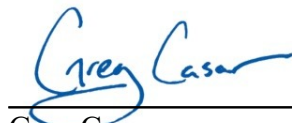
Mark Takano
Member of Congress



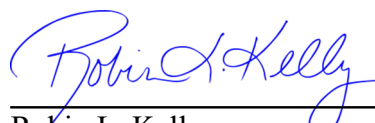
Emily Randall
Member of Congress



Paul D. Tonko
Member of Congress



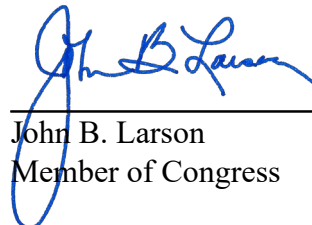
Greg Casar
Member of Congress



Robin L. Kelly
Member of Congress



Pramila Jayapal
Member of Congress



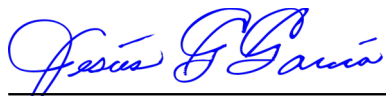
John B. Larson
Member of Congress



Shri Thanedar
Member of Congress



Eleanor Holmes Norton
Member of Congress



Jesús G. "Chuy" García
Member of Congress



Brittany Pettersen
Member of Congress



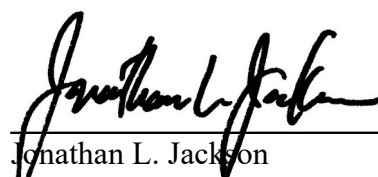
Chellie Pingree
Member of Congress



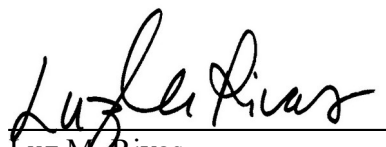
André Carson
Member of Congress



JIM Tokuda
Member of Congress



Jonathan L. Jackson
Member of Congress



Luz M. Rivas
Member of Congress



James P. McGovern
Member of Congress



Mike Thompson
Member of Congress



Madeleine Dean
Member of Congress