

A report to congressional requesters

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What GAO Found

In February 2025, the Department of Education’s Office of Federal Student Aid (FSA) stopped assessing student loan servicers on accuracy and call quality due to lack of staff capacity, according to agency officials. Prior to discontinuing these quarterly assessments, FSA assessed servicers on these metrics for two quarters through the following actions.

- **Accuracy.** FSA would review data for borrowers in servicer systems and compare it to data in FSA systems to determine if servicers were keeping accurate records for borrowers.
- **Call quality.** FSA would review phone calls between borrowers and servicers to determine if servicers were providing good and accurate customer service.

The decision to stop assessing these performance metrics occurred shortly after the new administration began issuing presidential directives and guidance on downsizing the federal workforce in January 2025. Education reported that between January and December 2025, the number of staff at FSA dropped from 1,433 to 777, a reduction of 656 personnel.

Prior to FSA discontinuing this oversight, most servicers did not meet the performance standards for accuracy and faced corresponding financial penalties of about \$850,000. FSA continued to assess servicer performance on their other performance metrics, which it characterized as less labor intensive to monitor.

Student Loan Servicer Performance on Accuracy Metric



○ Met performance standard ● Did not meet performance standard in at least one quarter

Source: GAO analysis of Office of Federal Student Aid (FSA) Fiscal Year (FY) 2024-2025 documentation. | GAO-26-108534

In September 2025, FSA officials said Education was working to implement more efficient oversight methods that leverage data analysis and exploring possible changes to the contract performance standards. However, as of December 2025, FSA was not using any replacement methods for overseeing accuracy and call quality and had not changed the performance standards.

By not assessing servicer accuracy and call quality, FSA lacks assurance that borrower records are correct and that servicers are giving borrowers quality information. Inaccurate records can result in borrowers being billed for incorrect amounts or placed in the wrong repayment status. Additionally, borrowers need to be given accurate information when they call for help. Addressing these gaps in servicer oversight will assist Education in carrying out its statutory responsibilities and also help the government avoid overpaying servicers for poor performance.

Why GAO Did This Study

FSA is statutorily responsible for managing federal student aid programs and overseeing contracted student loan servicers. The servicers process loan payments, provide borrowers with information on repayment plans and forgiveness options, and maintain loan records.

In April 2024, FSA implemented new contracts for its student loan servicers that set performance standards for student loan servicers on six metrics, including accuracy and call quality. Under these contracts, FSA enforces financial penalties if servicers do not meet performance standards related to these metrics.

GAO was asked to review Education’s capacity to carry out its statutory responsibilities. This report examines the extent to which recent staffing reductions have affected how FSA carries out its responsibilities to oversee loan servicers. Additional reports will examine related topics at other offices within Education.

For this report, GAO reviewed FSA documentation, servicer performance and billing reports, and relevant laws. GAO also interviewed FSA officials as well as representatives of borrower advocacy organizations.

What GAO Recommends

GAO is making one recommendation to Education to assess servicer accuracy and call quality. Education disagreed with GAO’s recommendation, stating that it uses a variety of other methods to assess servicer performance. GAO does not believe these methods are effective substitutes and maintains the importance of assessing servicer call quality and accuracy.