

A testimony before the Committee on Education and Workforce, House of Representatives

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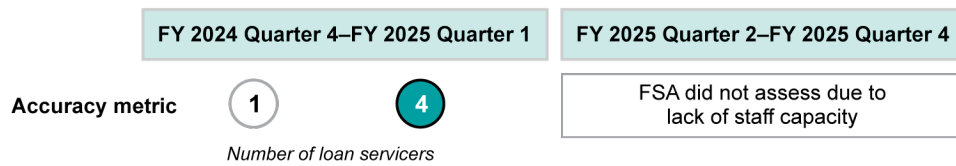
**What GAO Found**

In March 2026, GAO reported on the impact of recent staffing reductions on the Department of Education’s oversight of its student loan servicers. In February 2025, Education stopped assessing student loan servicers on accuracy and call quality due to lack of staff capacity, according to Education officials. Prior to discontinuing these quarterly assessments, Education assessed servicers on these metrics for two quarters. These assessments were intended to measure whether servicers were (1) keeping complete and accurate records for borrowers and (2) providing borrowers good customer service.

The decision to stop these assessments occurred shortly after the 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 its Office of Federal Student Aid (FSA) decreased from 1,433 to 777.

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 the 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-26-109069

In March 2026, GAO recommended that Education assess servicer accuracy and call quality. Education disagreed, stating that it uses other methods to assess servicer performance. GAO maintains these other methods are not effective substitutes. Moreover, GAO maintains these two assessments are important to protect borrowers and help the government avoid overpaying servicers for poor performance.

GAO also made other recommendations in prior work to help Education strengthen accountability. For example, implementing GAO’s 2019 recommendations to improve verification of borrower income and family size information could help reduce the risk of fraud and error in certain repayment plans and potentially save over \$2 billion. Similarly, implementing GAO’s 2017 recommendation to update the formula for measuring colleges’ financial condition could help protect taxpayers against the financial risk of college closures. Finally, implementing GAO’s 2016 recommendation to improve tracking of borrower complaints could help Education better track trends and ensure the program effectively meets borrower needs. Education has taken some steps to address these recommendations; however, the agency needs to do more to implement them and strengthen accountability in higher education.

**Why GAO Did This Study**

In fiscal year 2025, about 10.5 million students received over \$131 billion in federal student aid to help them pursue higher education. Education is responsible for maintaining accountability and protecting the federal investment in higher education. Education’s responsibilities include overseeing colleges, federal student aid, and the servicers that help administer the student loan program. Education’s responsibilities have grown substantially in recent years based on changes to the size and complexity of the federal student loan program, which now exceeds \$1.6 trillion in outstanding loans.

This testimony summarizes the findings and recommendations from key GAO reports issued from 2016 through 2026. It includes recent work examining the impact of staffing reductions on Education’s oversight of student loan servicers ([GAO-26-108534](#)) and other prior work examining higher education accountability issues ([GAO-19-347](#), [GAO-17-555](#), and [GAO-16-523](#)). GAO also updated the status of related recommendations.

**What GAO Recommends**

GAO made 10 recommendations in the reports included in this statement. Education has not yet fully addressed seven of these recommendations. GAO will continue to monitor Education’s progress in implementing them.