

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2561 Rayburn House Office Building
Washington, DC 20515-6515

April 11th, 2025

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

The Honorable Linda McMahon
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear President Trump and Secretary McMahon:

I write to express deep concerns regarding recent reports that the administration is actively working to transfer the Department of Education's \$1.6 trillion federal student loan portfolio to the Small Business Administration (SBA). As Ranking Member of the House Small Business Committee, I urge you to abandon this deeply misguided and potentially unlawful proposal.

The federal student loan system is critical in ensuring access to higher education for millions of Americans. The Department of Education, through the Office of Federal Student Aid (FSA), has developed the expertise, infrastructure, and oversight mechanisms necessary to manage these complex financial instruments and the borrowers they serve. Transferring this massive responsibility to the SBA, which is tasked with administering disaster recovery loans and offering other critical resources to American small businesses would jeopardize the consistent management of federal student loans and borrower forgiveness programs.

Equally concerning is the suggestion that this move could be implemented unilaterally by the Executive Branch. Reassigning such a significant portfolio without congressional authorization raises serious legal concerns. Congress has designated the Department of Education as the agency responsible for administering federal student loans through the Higher Education Act of 1965¹ and bypassing this authority undermines Congress and the separation of powers.

Additionally, the SBA is currently grappling with significant workforce reductions and resource constraints. Your administration's decision to cut SBA staff capacity by 43% as part of Executive Order 14210 - Implementing the President's "Department of Government Efficiency" Workforce Optimization Initiative will only hinder the agency's ability to operate efficiently. Burdening the SBA with the enormous task of servicing federal student loans, which is a function outside its mission and capabilities, would hurt its ability to support entrepreneurs and small business owners across the country.

¹ 20 U.S.C. § 1001 et seq.

As Ranking Member of the House Small Business Committee I request answers to the following questions by April 21, 2025:

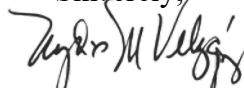
1. What complications will arise from a 43% reduction in the Small Business Administration workforce and the added responsibility of managing the disbursement of student loans for millions of borrowers?
2. Will Small Business Administration staff members be provided training and resources to manage the student loan portfolio – or will experienced Department of Education staff be transferred?
3. What is the expected timeline to move the student loan portfolio from the Department of Education to the Small Business Administration?

According to the Government Accountability Office, nearly 43 million individuals have federal student loans. These borrowers are teachers, police officers, doctors, lawyers and they all deserve clear and consistent communication on their loans and how they will be impacted by the drastic actions by the federal government. To avoid further confusion, errors, longer processing times and more people defaulting on their loans, I strongly urge you to reconsider transferring the federal student loan portfolio to the Small Business Administration and encourage you to work with Congress to strengthen and streamline the federal student loan payment programs and forgiveness programs to better support borrowers.

Pursuant to Rule X of the House of Representatives, the Committee on Small Business has broad authority to investigate “problems of all types of small business.” The Committee possesses jurisdiction over “assistance to and protection of small businesses.” Thank you for your attention to this matter. If you have any questions, please contact Rumer LeGendre at 202-225-2361.

Thank you, and I look forward to your response.

Sincerely,



Nydia M. Velázquez
Member of Congress