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ISAC Issues Letter to U.S. Department of Education Secretary McMahon Regarding Potential Delays in Student Financial Aid and Challenges for Student Loan Borrowers

The letter seeks answers to critical questions to protect students, borrowers, and institutions

CHICAGO – Today, the Illinois Student Assistance Commission (ISAC) sent a letter to Secretary of Education Linda McMahon expressing alarm about potential delays to the timely delivery of critical student financial aid caused by the Trump Administration's dismantling of the U.S. Department of Education (ED). The letter also conveys deep concerns about the potential risks to student loan borrowers if the $1.6 trillion student loan portfolio is moved to the U.S. Small Business Administration (SBA).

The letter shares concerns about significant cuts in staffing at ED that can put in peril not only students' ability to access financial aid, but also the timely disbursement of that aid to students and institutions that rely on it. Indeed, recent news reports indicate that calls and emails to ED are going unanswered and systems to disburse grants and loans are experiencing more frequent outages.

The letter also flags risks to borrowers of the President's plan to move the administration of the $1.6 trillion federal student loan portfolio to the SBA, an agency wholly unfamiliar with the administration of federal student loans and one that is reducing its staffing by 43%. Finally, it addresses concerns about the privacy and security of student and borrower data residing within ED.

"The inability to access timely financial aid can change the trajectory of a student's life—students who cannot get financial aid may forgo higher education or be forced to drop out without receiving their degree or credential," **said ISAC Executive Director Eric Zarnikow**. "Educational institutions that do not have large endowments or reserves will also have a difficult time remaining solvent if financial aid is delayed. While changes and uncertainty at the federal level can be overwhelming to navigate, ISAC will continue to support all students and families in Illinois to help them identify a postsecondary path that is right for them and access the financial aid for which they are eligible."

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The Trump Administration is being asked to answer critical questions in writing that are in the interest of students, borrowers, and institutions:

- How will ED ensure accurate processing and timely delivery of financial aid?
- How will ED support the nation's 43 million borrowers while transferring the responsibility of more than $1.6 trillion in outstanding student loan debt?
- How will ED protect the data integrity and privacy of Americans' sensitive personal information that resides with the department?

The full letter can be accessed here.

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About ISAC

The mission of the Illinois Student Assistance Commission (ISAC) is to provide Illinois students with information and assistance to help make education beyond high school accessible and affordable. ISAC provides comprehensive, objective, and timely information about education and financial aid for students and their families—giving them access to the tools they need to make the educational choices that are right for them. Then, through the state scholarship and grant programs ISAC administers, ISAC can help students make those choices a reality. Find us at isac.org and on Facebook, X, Instagram, and YouTube.