



## The Daily Dish

# The Treasury Takes Over Student Loans

DOUGLAS HOLTZ-EAKIN | MARCH 23, 2026

Thursday, the administration announced an [agreement](#) between the Department of Education and the Department of the Treasury to shift management of the student loan portfolio to Treasury. This is a big deal, literally. The \$1.7 trillion student loan portfolio made the Education Department the equivalent of the [5th-largest bank](#) in the United States. The portfolio is also a deeply troubled collection of loans. According to [The New York Times](#):

*The federal student loan program has been plagued with problems, including a [botched rollout](#) of a new application form that delayed its availability for the last two years of the Biden administration.*

*About half of all undergraduate students receive federal aid each year, according to the Institute of Education Sciences. More than 40 million people currently have federal student loans, including 9.2 million in default and 2.4 million in late-stage delinquency, according to the Education Department.*

Per the administration's fact sheet, the transfer will take place in three stages. The first step will be to transfer those student loans in default. This makes sense, as Treasury has considerable experience in dealing with defaulted loans. The Small Business Administration, for example, already refers its loans in default to Treasury for collection. According to [Politico](#):

*The second phase will be focused on student loan debts not in default "to the extent lawful and practical, including servicing such debts," an Education Department official speaking on background said in a call with reporters on Thursday. The third phase will involve Treasury helping to enforce school eligibility for the federal student aid*

*program, among other tasks.*

The move is being described by some simply as a way to wind down the Department of Education: “the latest in a series of bureaucratic moves aimed at dismantling the Education Department,” according to *The New York Times*. That may be true, but it also seems like Treasury is a more suitable home for the 5th-largest bank in America.