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Investigation Led By Warren's Office Reveals How Private Student Loan Lenders Expect to Profit from Trump's Big, Beautiful Bill

"The cuts to federal student lending in President Trump's OBBBA will make it more difficult for Americans to finance their educations—opening the door for private lenders to swoop in on vulnerable borrowers and their families"

"[These findings] underscore an urgent need for oversight of the private lending market as these companies prepare to cash in on the Administration's agenda"

Report: "Costly Consequences: How the Trump Administration Unleashed Private Student Loan Lenders" (PDF)

Responses from: Citizens | College Ave | Navient | Nelnet | Sallie Mae | SoFi

Washington, D.C. — Today, U.S. Senator Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, along with Democratic Leader Chuck Schumer (D-N.Y.) and U.S. Senators Bernie Sanders (I-Vt.), Ranking Member of the Senate Health, Education, Labor and Pensions Committee; Richard Blumenthal (D-Conn.); Mazie Hirono (D-Hawaii); Ron Wyden (D-Ore.); Chris Van Hollen (D-Md.); Ed Markey (D-Mass.); and Jeff Merkley (D-Ore.), released a new report revealing the findings of their investigation into how private student loan lenders will reap the benefits from

cuts to federal student loan access enacted in Republicans' Big, Beautiful Bill (OBBBA). The report is the first Congressional analysis of the impacts of the OBBBA's student loan restrictions on the private lending market.

"Our report confirms what I've long sounded the alarm about: the Big Beautiful Bill is a massive giveaway to private student loan lenders," **said Senator Warren in a separate statement.** Instead of helping sketchy private lenders profit from our college affordability crisis, the Trump administration should be lowering costs for students and borrowers."

"The anticipated expansion of the role of private lending is deeply concerning, since private student loan lenders have a long record of predatory practices that raise costs for borrowers and deprive them of basic consumer protections," **wrote the senators.**

OBBBA set new caps on federal student loan borrowing for graduate students and others, paving the way for a significant expansion of the private student loan market. The private student loan market currently accounts for approximately 8 percent of student loan debt, but represents more than 40 percent of student loan-related complaints submitted to the Consumer Financial Protection Bureau. The senators pressed six significant private student loan lenders, Citizens, College Ave, Navient, Nelnet, Sallie Mae, and SoFi—which, combined, lent over \$14.7 billion via private student loans in 2024—to provide details on their policies, lending activity, and future plans related to OBBBA. The investigation found that:

- **There is a history of persistent predatory behavior in the private student loan market - and major lenders have been expanding their student loan activity each year;**
- **Private student loan lenders expect more students to turn to private loans due to OBBBA's loan limits, and at least one lender is already making plans to expand its loan offerings in response to this policy change;**

- **Most of the private lenders surveyed offer minimal protections for borrowers who are defrauded by their schools or who face a sudden school closure;**
- **Half of the private lenders surveyed either have sold student loans to private equity firms or plan to do so in the future; and**
- **Private lenders do not yet have concrete plans in place to expand customer service capacity if they increased their student loan activity.**

“Private student loan lenders have a record of utilizing abusive practices, including lying to borrowers about the availability of debt cancellation, autopay discounts, and unemployment protections for borrowers,” **the senators warned.**

“The Trump administration continues to capitulate to big corporations and special interest – all while increasing the pain and costs for American families. Higher education is a ticket for the middle class, and Republicans are trying to destroy this opportunity,” **said Leader Schumer.** “Our findings were horrific – but unfortunately not shocking. The so-called ‘Big Beautiful Bill’ forces students to turn to the predatory private student loan market to finance their education. And, as our report finds, this will expose students to predatory lending practices and a lack of consumer protections. Senate Democrats will continue to fight to protect students and borrowers so that anyone, regardless of income or family background, can have a chance at higher education.”

“This report makes it even more clear that by placing an arbitrary cap on federal student loans, President Trump and his Republican allies are making it more expensive for everyday students to pursue higher education. Why? To support huge tax breaks for themselves and their billionaire buddies,” **said Senator Hirono.** “Students should be able to pursue higher education without taking on a lifetime of debt. I will continue to do everything in my power to ensure that we put an end to abusive practices that exploit borrowers, to institute further consumer protections, and to prevent companies from cashing in on this regime’s political agenda.”

“Instead of addressing the rising cost of higher education, the Trump Administration and Republicans have slashed access to federal student loans – limiting opportunities for American students to pursue degrees, especially in fields where we face workforce shortages. Private lenders are eager to profit off these harmful restrictions, and more students will be at risk of falling victim to deceptive, predatory practices,” **said Senator Van Hollen.**

“Trump and MAGA Republicans’ Big Ugly Bill has made borrowing for college and graduate school riskier and more expensive, pushing the dream of higher education further out of reach for working and middle-class Americans,” **said Senator Markey.** “I’ll continue to fight to defend borrowers from predatory lenders and restore loan protections for students.”

“The Republican vision of ‘Families Lose, Billionaires Win’ is leading to less affordable student loan repayment options and a higher risk of folks falling victim to predatory lending, which overwhelmingly harms working families,” **said Senator Merkley.** “As private lenders prepare to cash in on this disastrous agenda, our report makes clear that urgent oversight is needed to protect borrowers and ensure they can access affordable higher education for generations to come.”

In response to the findings, the senators called for careful oversight of any new private loan offerings targeting students and families affected by the federal loan caps and for experts to examine potential impacts of private lenders selling student loans to private equity firms.

“One year into the Trump Administration, President Trump and Secretary McMahon have made countless efforts to strip federal support from student loan borrowers as part of their crusade to dismantle the Department of Education... [These findings] underscore an urgent need for oversight of the private lending market as these companies prepare to cash in on the Administration’s agenda,” **the senators concluded.**

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