

119TH CONGRESS
2D SESSION

H. R. 9609

To ensure the Department of Treasury will manage all federal student loans, federal student debt, and policies regarding student aid eligibility, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 9, 2026

Mr. WALBERG introduced the following bill; which was referred to the Committee on Education and Workforce, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To ensure the Department of Treasury will manage all federal student loans, federal student debt, and policies regarding student aid eligibility, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Less Bureaucracy,
5 Better Student Aid Act”.

1 **SEC. 2. TRANSFER OF DEPARTMENT OF EDUCATION FUNC-**
2 **TIONS RELATING TO FEDERAL STUDENT AID.**

3 (a) IN GENERAL.—There are transferred, in accord-
4 ance with the applicable effective dates in subsection (b),
5 to the Department of the Treasury—

6 (1) functions of the Secretary of Education (in-
7 cluding the performance-based organization estab-
8 lished pursuant to section 141 of the Higher Edu-
9 cation Act of 1965 (20 U.S.C. 1018) and all related
10 functions of any officer or employee of the Depart-
11 ment of Education) related to the servicing and vol-
12 untary and involuntary collections of defaulted Fed-
13 eral student loan debt, including certification of
14 debt, due process, borrower notification, disputes,
15 bankruptcy, rehabilitation, consolidation, com-
16 promise, repayment agreements, and credit report-
17 ing;

18 (2) functions of the Secretary of Education (in-
19 cluding the performance-based organization estab-
20 lished pursuant to section 141 of the Higher Edu-
21 cation Act of 1965 (20 U.S.C. 1018) and all related
22 functions of any officer or employee of the Depart-
23 ment of Education) related to the servicing of non-
24 defaulted Federal student loan debt, including bor-
25 rower notification, processing of payments, repay-

1 ment plan administration, consolidation, disputes,
2 and credit reporting; and

3 (3) all functions of the Secretary of Education
4 (including the performance-based organization estab-
5 lished pursuant to section 141 of the Higher Edu-
6 cation Act of 1965 (20 U.S.C. 1018) and all related
7 functions of any officer or employee of the Depart-
8 ment of Education) that remain after the transfer of
9 functions required under paragraphs (1) and (2)
10 with respect to each of the following:

11 (A) Administrative Provisions for Delivery
12 of Student Financial Assistance under part D
13 of title I of the Higher Education Act of 1965
14 (20 U.S.C. 1018 et seq.).

15 (B) Lender and Institution Requirements
16 Relating to Education Loans under part E of
17 such title (20 U.S.C. 1019 et seq.).

18 (C) Federal Pell Grants under subpart 1
19 of part A of title IV of the Higher Education
20 Act of 1965 (20 U.S.C. 1070a et seq.).

21 (D) Federal Supplemental Educational Op-
22 portunity Grants under subpart 3 of such part
23 A (20 U.S.C. 1070b et seq.).

24 (E) Federal Family Education Loan pro-
25 gram under part B of title IV of the Higher

1 Education Act of 1965 (20 U.S.C. 1071 et
2 seq.).

3 (F) Federal Work-study programs under
4 part C of such title (20 U.S.C. 1087–51 et
5 seq.).

6 (G) William D. Ford Federal Direct Loan
7 program under part D of such title (20 U.S.C.
8 1087a et seq.).

9 (H) Federal Perkins Loans under part E
10 of such title (20 U.S.C. 1087aa et seq.).

11 (I) Need Analysis under part F of such
12 title (20 U.S.C. 1087kk et seq.).

13 (J) General Provisions Relating to Student
14 Assistance programs under part G of such title
15 (20 U.S.C. 1088 et seq.).

16 (K) Eligibility and Certification Procedures
17 under subpart 3 of part H of such title (20
18 U.S.C. 1099c et seq.).

19 (L) Health Education Assistance Loan
20 program as provided in part A of title VII of
21 the Public Health Service Act (42 U.S.C. 292
22 et seq.).

23 (b) EFFECTIVE DATES.—

24 (1) EFFECTIVE DATES DETERMINED.—The
25 Secretary of Education and the Secretary of the

1 Treasury shall jointly determine effective dates for
2 the transfers required under subsection (a), in ac-
3 cordance with paragraph (2) of this subsection.

4 (2) APPLICABLE EFFECTIVE DATES.—The
5 transfers required under subsection (a) shall take ef-
6 fect as follows:

7 (A) PARAGRAPH (1).—With respect to the
8 transfers required under paragraph (1) of sub-
9 section (a), on the effective date determined in
10 accordance with paragraph (1) that is on or
11 after the date of enactment of this Act.

12 (B) PARAGRAPH (2).—With respect to the
13 transfers required under paragraph (2) of sub-
14 section (a), on the effective date determined in
15 accordance with paragraph (1) that is on or
16 after the effective date described in subpara-
17 graph (A).

18 (C) PARAGRAPH (3).—With respect to the
19 transfers required under paragraph (3) of sub-
20 section (a), on the effective date determined in
21 accordance with paragraph (1) that is on or
22 after the effective date described in subpara-
23 graph (B).

1 **SEC. 3. EXERCISE OF AUTHORITIES.**

2 Except as otherwise provided by law, the Secretary
3 of the Treasury may, for purposes of performing a func-
4 tion transferred under this Act, exercise all authorities
5 under any other provision of law that were available with
6 respect to the performance of that function to the Sec-
7 retary of Education immediately before the effective date
8 of the transfer of the function under this Act.

9 **SEC. 4. TRANSFER AND ALLOCATIONS OF APPROPRIA-**
10 **TIONS AND PERSONNEL.**

11 Except as otherwise provided in this Act, the per-
12 sonnel employed in connection with, and the assets, liabil-
13 ities, contracts, property, records, and unexpended bal-
14 ances of appropriations, authorizations, allocations, and
15 other funds employed, used, held, arising from, available
16 to, or to be made available in connection with the func-
17 tions transferred under this Act, subject to section 1531
18 of title 31, United States Code, shall be transferred to the
19 Secretary of the Treasury. Unexpended funds transferred
20 pursuant to this section shall be used only for the purposes
21 for which the funds were originally authorized and appro-
22 priated.

1 **SEC. 5. AUTHORITY OF DIRECTOR OF THE OFFICE OF MAN-**
2 **AGEMENT AND BUDGET WITH RESPECT TO**
3 **FUNCTIONS TRANSFERRED.**

4 (a) PERSONNEL DETERMINATIONS.—The Director of
5 the Office of Management and Budget shall ensure that
6 this Act does not result in a net increase in full-time equiv-
7 alent employees at the Federal agencies impacted by this
8 Act, based on the number of such employees at such agen-
9 cies on the date of enactment of this Act.

10 (b) FUNCTION DETERMINATIONS.—If necessary, the
11 Director of the Office of Management and Budget shall
12 make any determination of the functions that are trans-
13 ferred under this Act.

14 (c) INCIDENTAL TRANSFERS.—The Director of the
15 Office of Management and Budget, at such time or times
16 as the Director shall provide, may make such determina-
17 tions as may be necessary with regard to the functions
18 transferred by this Act, and to make such additional inci-
19 dental dispositions of personnel, assets, liabilities, grants,
20 contracts, property, records, and unexpended balances of
21 appropriations, authorizations, allocations, and other
22 funds held, used, arising from, available to, or to be made
23 available in connection with such functions, as may be nec-
24 essary to carry out the provisions of this Act. The Director
25 shall provide for the termination of the affairs of all enti-
26 ties terminated by this Act and for such further measures

1 and dispositions as may be necessary to effectuate the pur-
2 poses of this Act.

3 (d) CERTIFICATION OF COMPLIANCE.—On each of
4 the effective dates under section 3(b), the Director of the
5 Office of Management and Budget shall certify compliance
6 with the provisions of this Act that take effect on such
7 date, including the requirement under subsection (a) as
8 applicable on such date, to the Committee on Education
9 and Workforce of the House of Representatives and the
10 Committee on Health, Education, Labor, and Pensions of
11 the Senate.

12 **SEC. 6. DELEGATION AND ASSIGNMENT.**

13 Except as otherwise expressly prohibited by law or
14 otherwise provided in this Act, the Secretary of the Treas-
15 ury may delegate any of the functions so transferred to
16 such officers and employees of the Department of the
17 Treasury as the Secretary may designate, and may au-
18 thorize successive redelegations of such functions as may
19 be necessary or appropriate. No delegation of functions
20 under this section or under any other provision of this Act
21 shall relieve the Secretary of the Treasury of responsibility
22 for the administration of the function.

23 **SEC. 7. REFERENCES.**

24 With regard to functions transferred under section 2,
25 a reference in any other Federal law, Executive order,

1 rule, regulation, or delegation of authority, or any docu-
2 ment of or relating to—

3 (1) the Secretary of Education shall be deemed
4 to refer to the Secretary of the Treasury; and

5 (2) the Department of Education shall be
6 deemed to refer to the Department of the Treasury.

7 **SEC. 8. SAVINGS PROVISIONS.**

8 (a) **LEGAL DOCUMENTS.**—All orders, determinations,
9 rules, regulations, permits, grants, loans, contracts, agree-
10 ments, certificates, licenses, and privileges—

11 (1) that have been issued, made, granted, or al-
12 lowed to become effective by the President, any Fed-
13 eral agency or official thereof, or by a court of com-
14 petent jurisdiction, in the performance of any func-
15 tion that is transferred by this Act; and

16 (2) that are in effect on the effective date of
17 such transfer (or become effective after such date
18 pursuant to their terms as in effect on such effective
19 date),

20 shall continue in effect according to their terms until
21 modified, terminated, superseded, set aside, or revoked in
22 accordance with law by the President, the Secretary of the
23 Treasury, any other authorized official, a court of com-
24 petent jurisdiction, or operation of law.

1 (b) PROCEEDINGS.—This Act shall not affect any
2 proceedings or any application for any benefits, service,
3 license, permit, certificate, or financial assistance pending
4 on the date of the enactment of this Act before the De-
5 partment of Education (with respect to functions trans-
6 ferred by this Act). Such proceedings and applications
7 shall continue, orders shall be issued in such proceedings,
8 appeals shall be taken therefrom, and payments shall be
9 made pursuant to such orders, as if this Act had not been
10 enacted, and orders issued in any such proceeding shall
11 continue in effect until modified, terminated, superseded,
12 or revoked by a duly authorized official, by a court of com-
13 petent jurisdiction, or by operation of law. Nothing in this
14 subsection shall be considered to prohibit the discontinu-
15 ance or modification of any such proceeding under the
16 same terms and conditions and to the same extent that
17 such proceeding could have been discontinued or modified
18 if this Act had not been enacted.

19 (c) SUITS.—Except as provided in subsection (e)—

20 (1) this Act shall not affect suits commenced
21 before the date of enactment of this Act; and

22 (2) in all such suits, proceeding shall be had,
23 appeals taken, and judgments rendered in the same
24 manner and with the same effect as if this Act had
25 not been enacted.

1 (d) NONABATEMENT OF ACTIONS.—No suit, action,
2 or other proceeding commenced by or against the Depart-
3 ment of Education (with respect to the functions trans-
4 ferred by this Act), or by or against any individual in the
5 official capacity of such individual as an officer or em-
6 ployee of the Department of Education (with regard to
7 functions transferred by this Act), shall abate by reason
8 of the enactment of this Act.

9 (e) CONTINUANCE OF SUITS.—If, before the date on
10 which a transfer of a function under this Act takes effect,
11 the Secretary of Education or any officer or employee of
12 the Department of Education in the official capacity as
13 such an officer or employee is party to a suit relating to
14 the function, then such suit shall be continued and the
15 Secretary of the Treasury, or other appropriate official of
16 the Department of the Treasury, shall be substituted or
17 added as a party.

18 (f) ADMINISTRATIVE PROCEDURE AND JUDICIAL RE-
19 VIEW.—Except as otherwise provided by this Act, any
20 statutory requirements relating to notice, hearings, action
21 upon the record, or administrative or judicial review that
22 apply to any function transferred by this Act shall apply
23 to the exercise of such function by the Secretary of the
24 Treasury, and other officers of the Department of the

1 Treasury, to which such function is transferred by this
2 Act.

3 **SEC. 9. TERMINATING EXEMPTION FROM DEBT COLLEC-**
4 **TION IMPROVEMENT ACT.**

5 (a) TERMINATION OF AUTHORITY TO EXEMPT STU-
6 DENT LOANS FROM THE DEBT COLLECTION IMPROVE-
7 MENT ACT.—Beginning on the effective date of the trans-
8 fers required under paragraph (1) of section 2(a) (as de-
9 termined in accordance with section 2(b)), delinquent or
10 defaulted Federal student loan debt may not be subject
11 to an exemption under paragraph (2)(B) of section
12 3711(g) of title 31, United States Code, from the require-
13 ment under paragraph (1) of such section.

14 (b) DEFINITIONS.—In this Act:

15 (1) DELINQUENT OR DEFAULTED.—The term
16 “delinquent or defaulted”, when used with respect to
17 student loan debt, means debt that is considered de-
18 linquent or in default in accordance with the Higher
19 Education Act of 1965 (20 U.S.C. 1001 et seq.).

20 (2) STUDENT LOAN DEBT.—The term “student
21 loan debt” means any debt under part B, D, or E
22 of title IV of the Higher Education Act of 1965 (20
23 U.S.C. 1070 et seq.), or any debt that arises from
24 a Health Education Assistance Loan as provided in
25 part A of title VII of the Public Health Service Act

1 (42 U.S.C. 292 et seq.), that is assigned to or other-
2 wise held by the Secretary of Education.

3 **SEC. 10. TRANSITION.**

4 The Secretary of the Treasury is authorized to use,
5 for such period of time as may reasonably be needed to
6 facilitate the orderly implementation of this Act—

7 (1) the services of officers, employees, and other
8 personnel of the Department of Education with re-
9 gard to functions transferred under this Act;

10 (2) assets of the Department of Education with
11 regard to such functions; and

12 (3) funds appropriated to such functions.

13 **SEC. 11. DEFINITION OF FUNCTION.**

14 For purposes of this Act, the term “function” in-
15 cludes any duty, obligation, power, authority, responsi-
16 bility, right, privilege, activity, or program.

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