

United States Senate

WASHINGTON, DC 20510

July 14, 2025

The Honorable Linda McMahon
Secretary of Education
U.S. Department of Education
400 Maryland Ave SW
Washington, DC 20202

Dear Secretary McMahon:

We write regarding the Department of Education's (ED's) recent decision to resume charging interest to the nearly eight million student loan borrowers currently in forbearance after having enrolled in the Saving on a Valuable Education (SAVE) plan.¹ This decision appears to be justified by a false premise—that it was mandated by court order—unfairly raising student loan repayment costs for millions of Americans by \$300 a month on average² at a time when the cost of living under President Trump continues to rise.

The Biden Administration's SAVE plan is an income-driven repayment (IDR) plan that would have made federal student loan payments far more affordable for millions of borrowers, including by cutting many borrowers' monthly payments in half.³ However, in July 2024, Republican-appointed judges on the 8th Circuit sided with Republican state attorneys general suing to block implementation of SAVE.⁴ As a result, the eight million borrowers enrolled in SAVE were forced into a forbearance, unable to make progress towards Public Service Loan Forgiveness (PSLF) or IDR debt relief.⁵ The Biden Administration, however, imposed a basic safeguard for borrowers stuck in this forbearance: they would not be charged interest as litigation

¹ United States Department of Education, "U.S. Department of Education Continues to Improve Federal Student Loan Repayment Options, Addresses Illegal Biden Administration Actions," press release, July 9, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-continues-improve-federal-student-loan-repayment-options-addresses-illegal-biden-administration-actions>.

² Student Borrower Protection Center, "More Broken Promises to Working Families with Student Debt," July 9, 2025, p. 1, <https://protectborrowers.org/wp-content/uploads/2025/07/Memo-SAVE-Forb-Rising-Costs-and-Executive-Action.pdf>.

³ CNBC, "Your student loan payment could get cut in half this summer—here's what to know," Kamaron McNair, May 24, 2024, <https://www.cnbc.com/2024/05/24/save-plan-student-loan-payments-could-get-cut-in-half-in-july.html>.

⁴ Consumer Finance Monitor, "Eighth Circuit Broadens Injunction Prohibiting Implementation of SAVE Federal Student Loan Repayment Plan, Calls Into Question Legality of PAYE and REPAYE Forgiveness Provisions," Thomas Burke, February 25, 2025, <https://www.consumerfinancemonitor.com/2025/02/25/eighth-circuit-broadens-injunction-prohibiting-implementation-of-save-federal-student-loan-repayment-plan-calls-into-question-legality-of-payee-and-repayee-forgiveness-provisions/>.

⁵ Investopedia, "Student Loan Borrowers Are Leaving SAVE Plan for More Certain Repayment Options," Elizabeth Guevara, May 30, 2025, <https://www.investopedia.com/student-loan-borrowers-are-fleeing-from-save-for-safer-repayment-plans-11731823>.

regarding SAVE's legality progressed.⁶ In fact, the 8th Circuit cited this special arrangement to justify extending and expanding its order to block borrowers from accessing SAVE.⁷

But on July 9, 2025, you announced that all borrowers in the SAVE forbearance would be charged interest once again starting on August 1, 2025.⁸ This decision will be devastating for millions of American families. The average borrower enrolled in SAVE will be charged hundreds of dollars in interest each month, amounting to over \$27 billion in unnecessary costs placed on borrowers across the country over the next year alone.⁹ And because of the backlog of 1.5 million unprocessed IDR applications and the glacial pace at which new applications are being approved,¹⁰ most SAVE borrowers currently have no alternative to this forbearance as they are unable to enroll in an alternative IDR plan and make progress towards debt relief via PSLF or IDR. In fact, as of May 2025, fewer than three percent of SAVE borrowers originally placed in forbearance have been able to leave it.¹¹

Your press release announcing this new policy indicates that it is likely based on a falsehood. The release states that: "The Department will take this action to comply with a federal court injunction that has blocked implementation of the SAVE Plan."¹² But this description of the scope of the injunction is highly dubious.¹³ No court has ordered ED to resume interest charges, and, as noted above, courts have cited the interest-free forbearance as justification for continuing to temporarily suspend SAVE while litigation is ongoing.¹⁴ And importantly, the Administration has the legal authority to suspend interest payments for borrowers in the SAVE forbearance *independent* of its authorities under the SAVE plan. The *Higher Education Act* grants the Secretary the authority to "consent to modification, with respect to rate of interest [and] time of

⁶ *Id.*

⁷ *Missouri v. Trump*, Opinion (8th Cir., 2024), <https://storage.courtlistener.com/recap/gov.uscourts.ca8.109324/gov.uscourts.ca8.109324.00805062708.3.pdf>.

("Among the considerations here are that all borrowers currently impacted by our administrative stay are in administrative forbearance and thus not required to pay principal *or interest* on their loans..." *emphasis added*)

⁸ United States Department of Education, "U.S. Department of Education Continues to Improve Federal Student Loan Repayment Options, Addresses Illegal Biden Administration Actions," press release, July 9, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-continues-improve-federal-student-loan-repayment-options-addresses-illegal-biden-administration-actions>.

⁹ Student Borrower Protection Center, "More Broken Promises to Working Families with Student Debt," July 9, 2025, p. 1, <https://protectborrowers.org/wp-content/uploads/2025/07/Memo-SAVE-Forb-Rising-Costs-and-Executive-Action.pdf>.

¹⁰ *Id.*, p. 6.

¹¹ Investopedia, "Student Loan Borrowers Are Leaving SAVE Plan for More Certain Repayment Options," Elizabeth Guevara, May 30, 2025, <https://www.investopedia.com/student-loan-borrowers-are-fleeing-from-save-for-safer-repayment-plans-11731823>.

¹² United States Department of Education, "U.S. Department of Education Continues to Improve Federal Student Loan Repayment Options, Addresses Illegal Biden Administration Actions," press release, July 9, 2025, <https://www.ed.gov/about/news/press-release/us-department-of-education-continues-improve-federal-student-loan-repayment-options-addresses-illegal-biden-administration-actions>.

¹³ Student Borrower Protection Center, "More Broken Promises to Working Families with Student Debt," July 9, 2025, <https://protectborrowers.org/wp-content/uploads/2025/07/Memo-SAVE-Forb-Rising-Costs-and-Executive-Action.pdf>.

¹⁴ *Id.*

payment of any installment of principal and interest or any portion thereof” for Family Federal Education (FFEL) Program Loans and further states that Direct Loans should “have the same terms, conditions, and benefits” as FFEL Program loans.¹⁵ Since ED’s authority to modify interest on student loans “is undoubtedly a term and condition of any given Direct Loan,” this provision provides ED with the authority to waive interest on Direct Loans as it sees fit.¹⁶ In other words, you are *choosing* to charge student loan borrowers billions of dollars in additional interest charges. It defies logic and the law that a months-old preliminary injunction against SAVE, which makes no mention of the interest-free forbearance, requires you to start charging interest to millions of borrowers in forbearance now. This policy change is particularly shocking as you have also made no meaningful effort to restore timely access to other IDR plans.¹⁷

Under your leadership, ED has continuously failed student loan borrowers, jacking up costs and ripping up consumer protections. This new policy is another example of the Trump Administration’s deliberate disregard for the millions of Americans shouldering student loan debt across the country. You should immediately reverse this policy so that millions of borrowers are not forced to pay billions of dollars in unnecessary interest charges.

In addition, we request that you answer the following questions by July 28, 2025:

1. How many borrowers in the SAVE forbearance are currently in the IDR application backlog? Please provide this number broken down by servicer.
2. How many borrowers in the SAVE forbearance have been enrolled in and are receiving billing statements pursuant to another IDR plan in the past month?
3. How many borrowers enrolled in SAVE have applied for another IDR plan and had their application rejected? Please provide this number broken down by servicer.
4. If ED refuses to reverse its decision to charge interest during the SAVE forbearance, will ED commit to zeroing out the IDR backlog and giving all borrowers currently in the SAVE forbearance the chance to enter a different IDR plan prior to the resumption of interest accrual on August 1, 2025?
5. How many borrowers are in the SAVE forbearance? How many borrowers will begin accruing interest charges on August 1, 2025? Please provide the number of unique borrowers. On a monthly basis, what will be the total amount of interest accrued by these borrowers?


¹⁵ 20 U.S.C. 1082(a)(4); 20 U.S.C. 1087a(b)(2); University of California Student Loan Initiative, “HEA Authority and Extending the Repayment Pause,” May 3, 2023, <https://www.slli.org/memo-hea-authority-and-extending-the-payment-pause>.

¹⁶ *Id.*


¹⁷ See *AFT v. McMahon*, Status Report (D.D.C., May 2025), <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.36.0.pdf>; and see also *AFT v. McMahon*, Status Report, (D.D.C., June 2025), <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.37.0.pdf>.

6. How many calls have ED and its contracted servicers received from borrowers regarding pending IDR applications? How many complaints have ED and its contracted servicers received from borrowers with pending IDR applications?

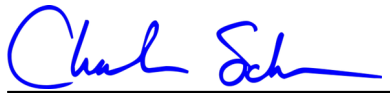
Sincerely,



Elizabeth Warren
United States Senator



Bernard Sanders
United States Senator



Charles E. Schumer
United States Senator