

Trump Education Secretary Linda McMahon unleashes debt collectors on millions of delinquent student loan holders

Nancy Hanover
22 April 2025

The Trump administration announced Monday that millions of delinquent student loan holders will face aggressive debt collection, including garnishee proceedings, within a matter of days. Announcing the abrupt change in policy, Education Secretary Linda McMahon declared, “American taxpayers will no longer be forced to serve as collateral for irresponsible student loan policies.”

In a *Wall Street Journal* column, McMahon added, “On May 5, we will begin the process of moving roughly 1.8 million borrowers into repayment plans and restart collections of loans in default. Borrowers who don’t make payments on time will see their credit scores go down, and in some cases, their wages automatically garnished.”

The number of student borrowers affected by these draconian measures is not 1.8 million, but approximately 10 million. Currently, around 5.3 million borrowers are in default on their federal student loans, with an additional four million in late-stage delinquency, which means they are 91 to 180 days behind on payments. Combined, they account for nearly one in four of the nation’s 42 million student loan debtors.

No student loans have been referred to collection agencies since a pandemic pause enacted by Trump in March 2020 and extended by Joe Biden through 2023.

Under the Treasury Offset Program, the government’s debt collection service can seize tax refunds, withhold federal employees’ salaries, and attach other benefits, including Social Security. Federal law mandates a 30-day notice before the department can garnish wages, meaning borrowers could see these payroll deductions by the summer.

McMahon (net worth \$3.2 billion) wagged her finger at the millions of Americans who sought to achieve a

college degree and a good job, declaring, “Student loans must always be paid back... Borrowing money and failing to pay it back isn’t a victimless offense.”

The victims of this shakedown are the students burdened with ballooning debt under conditions of low wages and a soaring cost of living. There is a very different standard for the banking and hedge fund industries, which were handed multi-trillion-dollar bailouts during the crises of 2008 and 2020.

These same entities have accumulated profits for decades by loading private student loans with astronomical “origination fees,” “service fees,” “late fees,” and interest and “capitalization of interest” charges. Both private and federal loans have been a lucrative market for financialization in the form of student loan asset-backed securities (slabs).

The Trump administration’s cost-saving measures focus on providing revenue to extend his 2017 tax cuts for the super-wealthy, which are projected to cost \$4 trillion, as well as trillions for military expenditures. The Department of Education (ED) is squeezing student loan borrowers to this end, at the cost of plunging millions into permanent economic crisis.

McMahon’s aggressive policies follow the termination of nearly half of the ED, decimating the Federal Student Aid office to the point of near collapse. Borrowers report being unable to contact anyone to make payment arrangements. Applications for income-driven repayment programs—which tie the monthly payment to a person’s income level—were removed in February and then reappeared a month later.

Numerous reports have confirmed that over one million borrowers who submitted applications for income-driven repayment have been waiting, often for months, for the Education Department to process them.

“I’ll be on hold for like four or five hours,” Elissa Jane Mastel, 55, a Denver teacher, told the *New York Times*. “And then when you get the person on the phone, they’re like, ‘Oh, I can’t help you.’” Mastel explained that as a teacher, she was trying to access the program that offered to discharge “public service” loans following years of on-time payments, but to no avail.

In a further punitive twist of the knife, the ED threatened to alert credit bureaus of late payments. Only one-third of the 38 million borrowers are considered timely, according to government data. Moody’s Analytics chief economist Mark Zandi noted the perfect storm of financial distress across the US. He said:

Many of the households required to resume paying on their student loans are also struggling with credit card debt at near-record interest rates and high-rate mortgages they thought they would be able to refinance into a lower rate, but haven’t.

Biden famously campaigned for election with a pledge to forgive the federal student debt of borrowers making under \$125,000 a year, one of his predictably worthless promises. As young people have bitterly pointed out, in 2005, then-Senator Biden provided one of the crucial votes to exempt student loans from bankruptcy protection. The Bankruptcy Abuse Prevention and Consumer Protection Act has placed tens of thousands of student loan holders into hock for life.

For her part, McMahon criticized the Biden administration for “whipsawing” borrowers and advancing “illegal loan forgiveness schemes to win points,” referencing Biden’s limited measures. By the end of his term, 5.3 million borrowers holding \$183.6 billion in student loans qualified for forgiveness. His plan to forgive up to \$20,000 in loans was struck down by the Supreme Court, and his SAVE repayment plan, which aimed to adjust plans based on household size and income, has been frozen by the courts since August 2024.

“There will not be any mass loan forgiveness,” the Department of Education stated on Monday.

Student loan debt, now topping \$1.7 trillion, has mushroomed as federal aid to higher education was dramatically cut over decades. This led directly to a huge rise in tuition costs. As both Democrats and Republicans diverted trillions in public spending to the military, Wall Street bailouts and tax cuts for the rich, funding for

education at all levels was eviscerated.

This bipartisan policy was compounded at the state level, with states increasingly diverting taxes to corporate subsidies and tax cuts for the wealthy. Between 2008 and 2017, per-student state support for higher education was cut by 16 percent. Nationally, tuition rose an average of 35 percent, according to the Center for Budget and Public Policy. In some states (Alabama, Arizona, California, Colorado, Florida, Georgia and Hawaii) it soared by 60 percent.

In terms of historical dollars, college tuition has gone from free or nearly free in some areas—such as California’s public four-year colleges, New York’s City University system, and many other public systems in the 1960s—to an average of \$38,270 per student per year nationally. The Education Data Initiative puts the average cost of attendance for a student living on campus at an in-state public four-year institution at \$108,548 over four years.

These huge price increases—the result of bipartisan state and federal policies—translate into an average debt for a bachelor’s degree today of \$31,960.

The right to free, high-quality education for all is a social necessity. But, like every other democratic right, it requires a political struggle by the working class to abolish the parasitical and outlived capitalist system, expropriate the wealth of the oligarchy, and redistribute society’s resources to meet human needs, not private profit. This requires the fight for socialism—the reorganization of economic and political life on the basis of social equality and democratic control by the working class itself.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact