

Over 7 million people to face higher student loan repayments after Trump administration ends Biden-era program

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A settlement reached between the Trump administration and Republican-led states will bring to an end a Biden-era student loan repayment program and force more than 7 million people to resume payments in the near future.

President Joe Biden campaigned on a mass federal student debt loan forgiveness program, but legislation never advanced in either house of Congress even though the Democrats controlled both the House and Senate in 2021-2022.

As a substitute, Biden issued an executive order to establish the Saving on a Valuable Education (SAVE) repayment plan for federal student loans. The program was first implemented in October 2023 as a cheaper alternative to other federal repayment programs. The program did not eliminate student loan debt, an over \$2 trillion millstone around the neck for over 42 million people in America, but instead used a new formula to lessen monthly payments based on income.

For single workers earning less than \$32,800, or a family of four earning less than \$67,500, required monthly loan payments were \$0. Students who borrowed less than \$12,000 and made at least 10 years of payments could also have their remaining balance forgiven. Once the program came online, and before Republican-led lawsuits, roughly 414,000 people had their loans forgiven under this provision.

However, lawsuits filed by Republican state governments in Missouri, Arkansas, Florida, Georgia, North Dakota, Ohio and Oklahoma forced the Department of Education to suspend the program in July 2024. Students and workers enrolled in SAVE were placed in indefinite administrative forbearance while legal proceedings continued.

Under the agreement reached Monday between the

Trump administration and the state plaintiffs, the Department of Education cannot enroll anyone else in the SAVE program. Any pending applications must be denied and the department must take action to move current enrollees into a different repayment program. The agreement also stipulates that for the next 10 years the department is required to notify the Missouri attorney general's office at least 30 days in advance before canceling \$10 billion, or more, in federal student loan debt.

The ending of the program comes at a time when the majority of workers, students and their families in America are struggling to survive. CNBC, reporting on data from the Federal Reserve Bank of Philadelphia, found "late credit card payments have hit a record high." Data showed that in the fourth quarter of 2024, 0.90 percent of credit card accounts in the US were at least 90 days past due, a 12-year high and the most since the Fed bank began the report.

The same report found that 11.12 percent of cardholders were only making the minimum payment, up from 10.65 percent in 2023 and 9.91 percent in 2022.

College is increasingly a luxury affordable only to the affluent. Recent reports indicate that the average cost across all US colleges, per student, per year, including tuition, housing and food, is over \$38,000. Unsurprisingly, as of this writing, nearly 12 million federal student loan borrowers are currently behind on their repayments.

The return of Trump to the White House and installation of billionaire wrestling entertainment executive Linda McMahon as secretary of education, guaranteed that the SAVE program, which was not legislation passed by Congress but a revision of the already existing REPAYE

program, would not survive.

Framing the ending of the program as an act of “fiscal responsibility” in a statement issued Tuesday, Under Secretary of Education Nicholas Kent wrote: “The law is clear: if you take out a loan, you must pay it back.”

Kent added: “Thanks to the State of Missouri and other states fighting against this egregious federal overreach, American taxpayers can now rest assured they will no longer be forced to serve as collateral for illegal and irresponsible student loan policies.”

Even without the new settlement, the SAVE program was not long for this world. As part of the “One Big Beautiful Bill Act” passed earlier this year and signed into law by Trump, Republicans legislated the program to end by 2028.

While a settlement has been reached to end the program, it is not clear exactly when loan repayments will begin. Transitioning millions of people into other repayment plans, under conditions where the Education Department is being disbanded and is already facing significant backlogs, will be difficult.

This latest attack on education by the Trump administration follows an earlier decision by the Education Department to strip “professional” status from dozens of essential professions, such as nursing, teaching and social work. The reclassification imposes new caps on federal borrowing limits and an “earnings premium” which links graduate’s earning income to federal loan eligibility. Historically underpaid professions, such as teaching, will see massive cost increases.

While there is “no money” in capitalist America for workers to achieve higher education without taking on tens of thousands of dollars in debt, in a robust and bipartisan 312-112 vote Tuesday, the House of Representatives voted to advance the 2026 National Defense Authorization Act, and with it, over \$900 billion in military spending. A majority of Democrats, 115 in all, joined 197 of their Republican “colleagues” in passing the war budget.



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