

# Congress of the United States

Washington, DC 20510

[[DATE]]

The Honorable Linda McMahon  
Secretary of Education  
U.S. Department of Education  
400 Maryland Ave SW  
Washington, D.C. 20002

Dear Secretary McMahon,

We write to urge you to immediately reverse your decision to resume charging interest on the nearly eight million student loan borrowers currently enrolled in the Saving on a Valuable Education (SAVE) plan beginning on August 1<sup>st</sup>.<sup>1</sup> This abrupt policy shift by the Department of Education (ED), which runs counter to months of assurances made to borrowers currently in forbearance due to right-wing lawsuits, would impose unjust and needless financial burdens on working families with student debt which could amount to more than \$27 billion in additional unnecessary costs in the next 12 months alone<sup>2</sup>.

When Republican-appointed judges on the 8<sup>th</sup> Circuit blocked further implementation of the SAVE plan last summer, millions of borrowers on the affordable income-driven repayment (IDR) option found themselves stuck in financial limbo – unable to access the desperately needed affordable monthly payments they were promised or earn credit towards Public Service Loan Forgiveness (PSLF) and IDR debt relief. In order to protect borrowers from financial harm as a result of these Republican-led lawsuits, these borrowers were placed in a zero-interest forbearance as the courts resolved the legality of the SAVE plan. This fundamental safeguard was a key consideration in the 8th Circuit’s analysis when it decided to extend its injunction last August<sup>3</sup>.

In ED’s press release announcing this new policy change, you claim “The Department will take this action to comply with a federal court injunction that has blocked implementation of the SAVE plan.” Further, the release refers to the SAVE plan as “the illegal Saving on a Valuable Education (SAVE plan).” Despite your false assertions, no court has deemed the SAVE plan illegal, nor has there been any court order issued directing you to resume charging interest on these borrowers stuck in the SAVE forbearance. The scope of the 8th Circuit’s orders has consistently focused on implementation of the SAVE plan itself and has never weighed in on the Secretary’s authority to provide a forbearance

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<sup>1</sup> Politico, “Borrowers in SAVE forbearance will accrue interest starting in August,” Rebecca Carballo, July 09, 2025, <https://subscriber.politicopro.com/article/2025/07/borrowers-in-save-forbearance-will-accrue-interest-starting-in-august-00443494>

<sup>2</sup> 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-andExecutive-Action.pdf>.

<sup>3</sup> See *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)

protection to ensure that borrowers are not pushed further into debt through no fault of their own.<sup>4</sup> As you surely know, the Higher Education Act grants the Secretary clear authority to modify interest on student loans.<sup>5</sup> This means that you have the authority and responsibility to protect borrowers from unnecessary costs that would be devastating to millions of Americans. Unfortunately, it appears that the Trump Administration is choosing to resume interest charges on nearly 8 million borrowers and attempting to hide behind court injunctions to do so.

This policy choice will add further economic pressure on millions of working families already struggling to navigate rising costs in President Trump's economy. It is estimated that your decision to resume interest charges will cost nearly 8 million Americans \$27 billion in interest charges over the next 12 months alone.<sup>6</sup> The average SAVE borrower could be faced with more than \$3,500 per year in unnecessary interest charges or roughly \$300 per month.<sup>7</sup> Working class families will bear the brunt of these added costs. An estimated 40% of borrowers who will be forced to pay unnecessary interest make below 225% of the federal poverty line which is the equivalent of \$35,213 for a single borrower and up to \$72,338 for a borrower heading a household of four.<sup>8</sup> By charging billions of dollars in aggregate interest each year, you are fulfilling a policy decision, not a legal obligation and you are betraying a key promise you made to the American people to lower costs.

Adding further insult to injury, ED has been urging SAVE borrowers to quickly transition to a different repayment plan. However, such a transition has not been possible for the vast majority of SAVE borrowers stuck amidst the operational challenges and administrative backlogs in your department. Over 1.5 million IDR applications remain unprocessed by your government contractors, including many who have been attempting to leave SAVE forbearance<sup>9</sup>. We are also highly concerned by recent reporting that ED will be denying an additional 460,000 IDR applications,<sup>10</sup> adding to the bureaucratic chaos and confusion that borrowers have been forced to navigate without being presented with a viable alternative.

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<sup>4</sup> *Id.* (“The Government is, for any borrower whose loans are governed in whole or in part by the terms of the Improving Income Driven Repayment for the William D. Ford Federal Direct Loan Program and the Federal Family Education Loan (FFEL) Program...enjoined from any further forgiveness of principal or interest, from not charging borrowers accrued interest, and from further implementing SAVE’s payment-threshold provisions. This injunction will remain in effect until further order of this court or the Supreme Court of the United States. The administrative stay is hereby superseded.”)

Missouri v. Trump, Memorandum Opinion, 8th Circuit Court of Appeals (February 18, 2025), <https://storage.courtlistener.com/recap/gov.uscourts.ca8.109324/gov.uscourts.ca8.109324.00805198399.3.pdf> (“There is no doubt some harm to borrowers who are enrolled in the SAVE plan. This harm, however, is minimized by the fact their loans have been placed in forbearance...”).

<sup>5</sup> 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>.

<sup>6</sup> 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-andExecutive-Action.pdf>.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*, p.6.

<sup>10</sup> Politico, “460k student loan borrowers to be denied repayment plan,” Rebecca Carballo, July 18, 2025, <https://www.politico.com/news/2025/07/18/460k-borrowers-income-driven-repayments-plans-applications-will-be-denied-00463558>.

Ultimately, your decision will punish millions of working families who have enrolled in an IDR plan to responsibly repay their student loan debt. The Trump Administration's calloused decision to resume interest charges for nearly 8 million borrowers trapped in the crosshairs of baseless and partisan lawsuits, and attempting to hide behind court injunctions to do so, is a deliberate abdication of your responsibility to protect students and borrowers. We call on you to immediately reverse this policy so that millions of borrowers are not forced to pay billions of dollars in unjust and unnecessary interest charges.

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