

Potential Impact of the Election on Student Loans

The information below is taken from a variety of higher education and other respected resources that we consider to be fair, accurate, timely, and objective.

When We Might Know Something

There are at least two things to watch for:

1. The first TELL will likely be in February 2025 when the administration releases its first budget. While unlikely to pass in its initial form, the budget should provide a sense of priorities for the incoming administration, meaning what they want to fund and what they do not want to fund. You will recall that the incoming administration tried twice to eliminate Public Service Loan Forgiveness in budget proposals when they were in office, both of which failed.
2. The second TELL may be in March or early spring 2025 when the House and Senate education committees (both of which are majority GOP) are set, as we may start to see proposals coming out with their priorities.

Two Things to Note about Possible Changes

There are also at least two ways to guess what might happen with regard to the impact of the election on changes in student loans and repayment.

1. **First, how have previous changes been implemented?** Did they affect ALL borrowers or just NEW (first time) borrowers? Were the changes immediate or was there what we call a trigger date when the changes went into effect?
2. **Second, what has been said or written about proposed changes, and this is what brings us to Project 2025, what many consider the playbook for the incoming administration.**

These are detailed below:

First, Previous Changes

While an opinion, this is not a solitary one, as this is where many current borrowers are hanging their hopes for protection against any changes that might otherwise adversely impact them. The general rule of thumb is to protect current borrowers who took out loans which had a certain set of conditions, meaning allow them to keep those. This is where you may hear a reference to borrowers being “grandfathered” into prior provisions.

First, Previous Changes (continued)

There are two solid examples of this:

1. **Public Service Loan Forgiveness:** When the incoming administration tried twice to eliminate PSLF in the budget when they were in office PRIOR to the Biden-Harris administration, there was a provision stating it would apply to FIRST TIME BORROWERS ONLY and NOT current borrowers. The budgets did not pass, but you would have been protected if you already had federal loans.
2. **PAYE and ICR:** When the Department of Education (ED) announced SAVE last year, there was a provision that borrowers using PAYE (Pay As You Earn) or ICR (Income Contingent Repayment) could STAY in their current plan if they wanted to, or they could move to SAVE. However, the provision also said that no NEW applications for PAYE or ICR would be accepted as of July 1, 2023. This is generally how a plan would sunset (be eliminated).

Second, Project 2025

While not the centerpiece of Project 2025, student loans are addressed in this document, both borrowing (which hopefully will not impact you) and repayment (which could impact you). Some of the proposals in Project 2025 include:

1. **ELIMINATION of PSLF:** Once again, this is where you hope that if this goes through, the precedent would hold that you can retain eligibility as a current borrower.
2. **ELIMINATION of Income Driven Repayment Plans:** They are likely talking about SAVE, PAYE, and ICR. Please remember that Income BASED Repayment, known as IBR, was established separately by Congress and many think it will be protected.
3. **Privatizing student loan borrowing:** Hopefully this would not impact you, but it could impact current and future health sciences students. The proposal also states that if this does not go through, a limit would be proposed on federal borrowing that forces many borrowers into a private loan to meet remaining costs.
4. **ELIMINATION of the Department of Education (ED):** While everything we read indicates it would be incredibly difficult to do this, ED could be gutted in terms of funding, and the concern is that programs run by ED such as PSLF would be left without anyone to implement it.

Lastly, PLEASE see our new statement on Income Driven Repayment (IDR) plans on our homepage that includes some important updates AND includes information on Income BASED Repayment (IBR), which we suspect many borrowers are considering.

This information is current as of mid November 2024.