

United States Senate
WASHINGTON, DC 20510

January 22, 2026

The Honorable Linda McMahon
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Secretary McMahon,

We write to express our serious concerns with and ask questions about the proposed settlement reached in December 2025 with the state of Missouri to end the Saving on a Valuable Education (SAVE) Plan, a student loan repayment plan that has helped more than 8 million individuals across the country access affordable monthly payments. Specifically, we request additional information from the U.S. Department of Education (ED) regarding the proposed settlement's requirement that the more than 7 million people who remain enrolled in SAVE switch to a different repayment plan. For the last several months, borrowers in SAVE have faced an onslaught of uncertainty and misinformation, and countless borrowers are likely to face significant hurdles in selecting and enrolling in a new repayment plan. As such, we urge the Department to provide borrowers in SAVE at least six months to apply to switch into new repayment plans before their next billing date.

First announced in July 2023 as the latest income-driven repayment (IDR) plan, the SAVE Plan seeks to better protect borrowers from unaffordable payments and runaway balances due to rapidly accruing interest and offers a clearer path to debt relief. According to Protect Borrowers, of the more than 8 million borrowers who enrolled in the SAVE plan, 4.6 million individuals had their monthly payments lowered to \$0 and nearly half a million borrowers would have been provided with immediate debt relief, had the plan been allowed to take full effect.¹ Unfortunately, due to court challenges, the plan has been enjoined since the summer of 2024. Rather than uphold the SAVE Plan, this settlement eliminates the plan and all of its benefits, which in turn will significantly hinder the ability of low-income Americans to access higher education or afford basic needs.

Pending court approval, the settlement would require ED to stop enrolling borrowers in SAVE, deny all pending SAVE applications from borrowers that may have been waiting years for a response, and move the more than 7 million borrowers currently enrolled in SAVE into other less affordable repayment plans.

Unfortunately, ED's proposed settlement provides little direction or transparency for borrowers who will be forced into new repayment plans through no fault of their own. Namely, the proposed settlement provides no information on what, if any, resources or guidance ED will provide to borrowers as they make these significant changes, or how much time borrowers will be provided to switch plans. The settlement also lacks clarity on the timeline for when these

¹ *Billionaire Education Secretary and Right-Wing AG Abandon Borrowers in Backroom Deal on SAVE Lawsuit*, Protect Borrowers (Dec. 9, 2025), <https://protectborrowers.org/billionaire-ed-sec-and-right-wing-ag-abandon-borrowers-in-backroom-deal-on-save/>.

changes will be operationalized and when ED and other federal loan servicers will communicate these changes to borrowers. Troublingly, ED’s own public communications have conflicting information on the timeline in which borrowers can expect to receive information from the Department, ranging from “in the coming weeks” to “in the coming months.”²

Without clear information or guidance, borrowers could be unknowingly placed in the standard repayment plan. Further, as a result of the “One Big Beautiful Bill Act,” ED is in the process of sunsetting ICR and PAYE while preparing to implement the Repayment Assistance Plan. These significant shifts in repayment options will only exacerbate confusion for borrowers, increasing the likelihood that borrowers will fall into the standard repayment option. This would result in significantly higher monthly payments for millions of borrowers. Many borrowers in SAVE would be unable to afford the high monthly payments in the standard plan, and as a result, these borrowers would likely fall into delinquency and default, which would have dire economic consequences for borrowers and their families.

Obliging borrowers to exit the SAVE Plan will also have particularly severe consequences for public service workers. Many government and nonprofit employees pursuing Public Service Loan Forgiveness (PSLF) deliberately enrolled in SAVE to ensure their payments remained affordable while completing the required 120 qualifying payments to access loan forgiveness. PSLF borrowers—including teachers, nurses, social workers, first responders, and other public servants—rely on income-driven repayment plans to maintain qualifying payment status without sacrificing their financial stability. While the time borrowers have been stuck in the SAVE forbearance has not counted towards PSLF credit, forcing these borrowers to transition out of SAVE with little guidance risks further lost time to debt relief and payment increases that could render continued public service untenable.

Finally, the settlement forces existing borrowers to leave their current plan, and switch into repayment plans with higher monthly payments much sooner than the July 2028 date required under the recently enacted One Big Beautiful Bill Act, with no clear rationale for the expedited timeline. This settlement now risks adding even further uncertainty within the student loan system and will exacerbate current application backlogs and delays across student loan servicers.

To date, more than 5 million borrowers are in default and 5 million more are behind on their monthly payments. Ten million borrowers are on track to enter default on their student loans in 2026, more than in the years prior to the pandemic.³ As such, it is imperative the Department take every action possible to ensure the 7 million borrowers currently enrolled in SAVE are provided with the information and resources necessary to avoid delinquency or default in order to avoid an even bigger default crisis.

² *IDR Plan Court Actions: Impact on Borrowers*, Federal Student Aid (last updated Dec. 22, 2025), <https://studentaid.gov/announcements-events/idr-court-actions>; Press Release, U.S. Department of Education, U.S. Department of Education Announces Agreement with Missouri to End Biden Administration’s Illegal SAVE Plan (Dec. 9, 2025), <https://www.ed.gov/about/news/press-release/us-department-of-education-announces-agreement-missouri-end-biden-administrations-illegal-save-plan>.

³ Bonnie Latreille and Persis Yu, *Falling Off the Student Loan Default Cliff*, Protect Borrowers (Nov. 18, 2025), <https://protectborrowers.org/falling-off-the-student-loan-default-cliff/>.

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As such, we request you provide answers to the following question by no later than February 6:

1. How long will borrowers be given to switch into one of the other income-driven repayment plans?
2. What information will ED provide to borrowers about the higher costs of alternate repayment plans and what options will be provided to borrowers that cannot afford higher payments?
3. By what date will ED and other federal student loan servicers reach out to SAVE borrowers with concrete guidance about next steps and information about how to repay their student loans?
4. Will ED allow borrowers forced out of SAVE to enroll in another IDR plan using their current income information on file to calculate their monthly payments?
 - a. If not, will ED require borrowers to recertify their income in order to switch into a new plan?
5. What are ED's plans to support borrowers that do not select another repayment plan within the allotted time?
 - a. Will those borrowers be automatically placed in another repayment plan, and if so, which plan?
 - i. If borrowers do not select a plan within the allotted time and are unnecessarily placed in the standard plan, will borrowers be given time to switch into an income-driven repayment plan ahead of their next billing date? If so, how much time?
 - ii. Will ED give effect to the language in enrolled SAVE borrowers' IDR applications stating that borrowers who request the plan with the lowest monthly payment or who request a plan that they do not qualify for, request to be placed in a plan with the lowest monthly payment and, if there are multiple plans with the same initial payment amount, ED will place them according to a specific plan order?⁴
 - b. How will this transition be communicated to borrowers?
 - i. How many current email addresses does ED have for borrowers in the SAVE forbearance?
 - ii. What is the open rate and bounce back rate from these borrowers?
 - iii. Will ED provide this notice by mail and what is the return rate from physical mail?
 - c. How much notice will borrowers be provided regarding their forced placement in another plan ahead of their next billing date?

⁴ See, e.g., Section 6 of the [2023 Income-Driven Repayment Plan Request form](#), stating:

“I request . . . If I do not qualify for the plan or plans I requested, or did not make a selection in Item 2, that my loan holder place me on the plan with the lowest monthly payment amount. . . If more than one of the plans that I selected provides the same initial payment amount, or if my loan holder is determining which of the income-driven plans I qualify for, that my loan holder use the following order in choosing my plan: SAVE (if my repayment period is 20 years), PAYE, SAVE (if my repayment period is 25 years), IBR, and then ICR.”

6. What were the factual, legal, and financial rationales underlying ED’s repeated guidance to end the SAVE Plan?
7. Why did ED decide to propose this settlement now, when the statutory termination of SAVE is not effective until July 2028?
8. When does ED expect the new Repayment Assistance Plan to be in effect?
9. Why did ED rescind almost all other parts of the regulation that created the SAVE plan—even provisions unrelated to the plan itself—including provisions to enable borrowers in default to access income-based plans, provisions to protect borrowers’ credit they have earned by making qualifying payments on loans prior to consolidating, and provisions to streamline the application and recertification process for all income-driven plans?
10. Can you provide internal analyses showing the projected financial impact of the settlement on borrowers who are forced into other repayment plans, including the amount that borrowers’ monthly payments will increase?
11. What steps is ED planning to take to ensure borrowers are not blindsided by higher monthly payments as a result of this settlement?
12. What is ED’s timeline for the upcoming negotiated rulemaking to effectuate this settlement?
13. How long does ED expect it to take for servicers to process applications?
 - a. Given the backlog of over 800,000 unprocessed IDR applications ED reported on December 15, 2025,⁵ what steps will ED take to ensure that borrowers attempting to switch from SAVE to another IDR plan are not harmed by processing delays, such as being reported as delinquent or experiencing lost months of credit toward IDR or PSLF forgiveness?
 - b. Will borrowers have any recourse if they lose out on months of credit toward loan discharge due to servicer processing delays?
14. Can you provide a timeline for when ED will update its systems to allow borrowers who were previously ineligible for income-based repayment (IBR) to enroll?

In addition to answering these questions, given the operational and logistical challenges raised by this settlement, we also request that the Department give borrowers at least six months to apply to switch into new repayment plans and hold borrowers harmless in the meantime by placing them in a processing forbearance that counts towards forgiveness, including PSLF. We also request the Department provide Congress with a comprehensive communications plan that details how the Department plans to work with servicers to provide updated, accurate information to SAVE borrowers as quickly as possible.

We believe these materials and steps are necessary to ensure transparency, accountability, and fairness for borrowers who are currently enrolled in SAVE.

Thank you for your prompt attention to this matter.

⁵ Status Report, American Federation of Teachers v. U.S. Department of Education, No. 1:25-cv-00802-RBW (U.S. District Court for the District of Columbia, December 15, 2025), <https://storage.courtlistener.com/recap/gov.uscourts.dcd.278527/gov.uscourts.dcd.278527.58.0.pdf>.

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Sincerely,

Jeffrey A. Merkley

Jeffrey A. Merkley
United States Senator

Sheldon Whitehouse

Sheldon Whitehouse
United States Senator

Elizabeth Warren

Elizabeth Warren
United States Senator

Tim Kaine

Tim Kaine
United States Senator

Ben Ray Luján

Ben Ray Luján
United States Senator

Martin Heinrich

Martin Heinrich
United States Senator

Jack Reed

Jack Reed
United States Senator

Chris Van Hollen

Chris Van Hollen
United States Senator

Ron Wyden

Ron Wyden
United States Senator

Bernard Sanders

Bernard Sanders
United States Senator

Alex Padilla

Alex Padilla
United States Senator

Tina Smith

Tina Smith
United States Senator

R. W. Warnock

Raphael Warnock
United States Senator

Edward J. Markey

Edward J. Markey
United States Senator

Charles E. Schumer

Charles E. Schumer
United States Senator