



## CBCF EXECUTIVE ORDER TRACKER

# Restoring Public Service Loan Forgiveness

Executive Order #14235

### POLICY UPDATE

#### Background

- Congress established the Public Service Loan Forgiveness program (PSLF) in 2007 to incentivize highly skilled workers to take jobs in the public sector. Under this program, after ten years of student loan payments, the remaining loan balances for employees of government agencies and eligible nonprofits is forgiven. On March 7, 2025, President Trump signed an executive order to amend the eligibility criteria for the PSLF to exclude organizations that do diversity, equity, and inclusion work, support gender-affirming care for transgender youth, or offer services to immigrants of all legal statuses. This order, combined with the massive federal layoffs the Department of Government Efficiency has administered, will jeopardize loan forgiveness for many Black public servants, as Black people are historically overrepresented in the federal workforce.
- Because the order requires the Secretary of Education to amend the federal code, which is an extensive process, the order has not yet taken effect and is not currently facing any legal challenges. However, this order will have significant implications for the more than 8 million Black borrowers who currently have student loan debt. A study from the Brookings Institution found that the Black-white disparity in student loan debt more than triples four years after graduation. Student debt can delay retirement for Black workers, and high interest rates can balloon costs for lenders, which is associated with higher rates of depression and anxiety.

## POLICY UPDATE

### Current Landscape

- While this order is not currently in effect, Congress is seeking to reform the federal student loan process through legislation. On May 2, 2025, the House Education and Workforce Committee passed the [Student Success and Taxpayer Savings Plan](#) (SSTSP) which reforms Pell grants, alters federal student loan allocation, and tightens the criteria for income-based loan repayment plans. The SSTSP is not a standalone bill; it is a new [provision](#) that will be added to the 2026 fiscal year budget in accordance with President Trump's proposed tax cuts. Republicans on the committee boast that the plan will save [\\$330 billion](#) in taxpayer dollars over 10 years.
- If implemented, the SSTSP will:
  - Extend the window for loan forgiveness from 20–25 years to 30 years and eliminate current protections for new borrowers.
  - [Cap federal student loan borrowing](#) at \$50,000 for undergraduates and \$100,000 for graduate students beginning with the 2026–27 school year.
    - Currently, federal student loan borrowing caps are based on student status and years of enrollment, not a uniform limit for all students. If the cost of attendance exceeds the federal cap, students will have to pursue private loans, which often carry higher interest rates.
  - Implement a standard [repayment assistance program](#) and prohibit the Secretary of Education from establishing other loan forgiveness programs, putting the PSLF in jeopardy.
  - Terminate subsidized loans for undergraduate students, which are designed to assist low-income students by offering a [fixed interest rate](#).
  - Increase the number of credits that full-time Pell Grant recipients must enroll in from twelve credits a semester to fifteen.
  - Lower the cut-off for Pell Grant eligibility.
    - Pell Grants are a financial aid option for students from families making less than \$40,000 a year. Nearly [60% of Black college students](#) receive Pell Grants. The maximum Pell Grant is roughly [\\$7400 per semester](#), but many students receive less money than that. By increasing the credit requirement, the SSTSP makes it more difficult for working students to pay for college by requiring them to enroll in additional coursework. This will disproportionately impact Black students, as they are more likely to [take out loans](#) and leave college with more debt than their white peers.

## POLICY UPDATE

### Current Landscape

- On May 22, 2025, the House of Representatives passed [H.R.1](#), the One Big Beautiful Bill Act, which includes the SSTSP. The bill narrowly passed by one vote, [215-214](#), with all House Democrats and two Republicans voting against it. The Senate is now deliberating on the bill, which will need 50 votes to pass. Treasury Secretary Scott Bessent stated that the Trump Administration would like to pass the bill by [July 4](#), but the negotiations are ongoing and will likely unfold throughout the summer.

