

Key Updates on Student Loan Policies, Wage Garnishment and Executive Orders Impacting Education

We're at an unprecedented pace of adaptation. President Trump has signed 76 Executive Orders since his inauguration, several of which influence the Department of Education and student loan policies. In addition, there have been "silent" procedural changes to limit options for managing student loans, and Linda McMahon was confirmed as the 13th United States Secretary of Education. In light of the speed and complexity of these changes, this briefing shares our best thinking on key questions related to the cost of higher education based on what's publicly known as of today.

Which Executive Orders are intended to influence higher education or student loan debt policy?

- **"Ending the Radical and Wasteful Government DEI Programs and Preferencing."** Signed on January 20, 2025. Federal agencies were directed to terminate DEI-related contracts and grants within 60 days of the order. In compliance with this executive order, the Department of Education initially placed at least 100 employees on administrative leave starting February 2nd. Subsequently, on February 12th, the department proceeded with the termination of a significant number of its workforce.

The impact will be a further decline in service levels at the Dept of Education and more limited support to individuals and families.

- **"Ending the Radical Indoctrination in K-12 Schooling."** Signed on January 29, 2025. The order became effective immediately upon signing.

There is no immediate impact on the costs or funding of higher education.

- **"Expanding Educational Freedom and Opportunity for Families."** Signed on January 29, 2025. The order became effective immediately upon signing, however it includes provisions directing specific actions to be taken within extended time frames.

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Will the Department of Education (DoE) be dismantled?

While much has been written about the Administration eliminating the DoE, a vote of Congress would be required --- which is unlikely even in today's volatile political environment. The Administration *has* circulated a list of potential cuts to programs managed by the DoE, but many of the proposed cuts are fraught with operational issues, require legislative approval, or have no immediate impact on the costs of funding of higher education. Looking forward, we foresee some DoE functions may transfer to other government bodies, such as student loan debt administration to the Treasury.

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Will the Public Service Loan Forgiveness (PSLF) program be eliminated?

There have been no changes to the PSLF program, and all benefits are still fully intact.

We also maintain our position that PSLF will persist. Elimination of the program would require Congressional approval, and it has long-standing bi-partisan support. Furthermore, the largest beneficiaries of the PSLF program are: 1) Federal government employees, 2) State employees, 3) City, Local, and County employees, 4) K-12 educators, and 5) employees of non-profit healthcare organizations.

However, it is evident that the Administration did pursue changes to student loan repayment plans that impact loan forgiveness eligibility. In February, a temporary 90-day freeze on Income-Driven Repayment (IDR) applications went into effect, causing uncertainty for borrowers. However, the freeze has since been lifted, and IDR applications are now available.

Will this Administration enforce federal student loan debt collection for delinquent borrowers, including wage garnishment?

We fully expect wage garnishment actions to start in June 2025 and tax refund intercepts to be felt in early 2026.

Both are catalysts for employee turnover, with direct impact to both employers and employees.

What is the impact of the Administration pushing more responsibility for college funding to the states?

Unfortunately, there is no evidence that states will absorb the shortfall, which means that students and parents will be forced to take on even more financial responsibility to pursue higher education.

The result will be even greater student loan debt balances for both students and parents, especially for those requiring advanced or professional degrees, such as in healthcare and public education.

Will pre-tax treatment of employer-provided Student Loan Repayment Assistance be made permanent?

It is highly likely that the Employer Participation in Repayment Act will pass and be permanently written into the IRS Code during the upcoming budget process. This bipartisan legislation proposes to permanently allow employers to contribute up to \$5,250 tax-free to their employees' student loans. The bill was introduced on February 27th by Representatives Peters and Malliotakis, Senators Warner and Thune and has **strong industry support**.

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Impactful Workforce Benefit Options for Employers

Despite increasing challenges at the borrower level, employers now have more tax incentives and plan options than ever to support student loan assistance and other education-related benefits for their employees. Available options include:

- **Student Loan Financial Wellness.** Access to online decision tools and 1:1 loan experts to help employees and their family members evaluate their options, make informed decisions, and navigate application processes.
- **Student Loan Repayment Assistance.** Pre-tax employer contributions of up to \$5,250 per year toward qualified student loan payments. This platform includes all Student Loan Financial Wellness benefits and serves as a powerful tool for attracting and retaining top talent.
- **Public Service Loan Forgiveness (PSLF) Support.** Enhanced assistance for employees seeking PSLF qualification, with automated administration for employers. This platform includes all Student Loan Financial Wellness benefits and is particularly valuable for talent acquisition and retention in nonprofit healthcare, federal/state/local government, and K-12 public education.
- **Secure 2.0 Retirement Match.** Allows employees managing student loans to build retirement savings through an employer match on qualified student loan payments. Combined with our Student Loan Financial Wellness platform, decision-support tools help employees assess trade-offs between the QSLP match and deferrals. Employer adoption of this benefit is surging after an initial period of hesitation.
- **Tuition Assistance Administration.** Accelerates career growth and upskilling by providing financial support for certifications, professional credentials, and degree programs. Our Universal Direct Pay solution is now available for frictionless participation in the benefit.

To learn more about any of these benefit options, please [Request a Demo](#) with one of our solution experts.

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