

LI People
ON THE MOVE

ROCKHILL DEE/GETTY IMAGES

Bret L. McCabe, of Old Brookville, a partner at Forchelli Deegan Teranova in Uniondale, has been elected vice president of the board of directors of the **North Shore Coalition Against Substance Abuse** in Sea Cliff.



DAMON BRADY

Damon Brady, of Huntington, a tactical systems product line director at BAE Systems in Greenlaw, has been elected to the board of directors of the **Long Island Association Inc.** in Melville.



FRANK JACOBSON/JCC

Frank Torok, of Long Island City, Queens, has been hired as director of marketing at **Sid Jacobson JCC** in East Hills. Torok was account director at VML in Manhattan.

— DIANE DANIELS

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STUDENT LOAN PAYMENT PLAN COULD END

LI BUSINESS

Loss of SAVE
would affect
7M borrowers

BY BRIANNE LEDDA
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The Trump administration announced Tuesday a proposed legal agreement that would end a Biden-era student loan repayment plan that offered lower monthly payments and faster debt relief.

The settlement, pending court approval, would resolve a lawsuit from seven states challenging the legality of the Saving on a Valuable Education (SAVE) Plan and force more than 7 million borrowers around the country to choose a new repayment plan.

Under the proposed agreement, the U.S. Department of Education would not enroll new borrowers in the SAVE Plan, deny pending applications and move existing SAVE borrowers into other repayment plans, sooner than the July 2028 end date for the program set by Congress in the One Big Beautiful Bill passed over the summer.

"The law is clear: if you take out a loan, you must pay it back. Thanks to the State of Missouri and other states fighting against this egregious federal overreach, American taxpayers can now rest assured they will no longer be forced to serve as collateral for illegal and irresponsible student loan policies," said Nicholas Kent, under secretary of Education, in a news release about the proposal.

The Department of Education said it would begin to reach out to SAVE borrowers in coming weeks about repayment options.

The settlement is still subject to court approval, emphasized Natalia Abrams, president of the Student Debt Crisis Center. "What has changed is that the parties have agreed to end the *SAVE* lawsuit."

"Borrowers still need guidance as to what to do next," she added.

The move has been condemned by advocates for creating confusion among borrowers and adding further financial strain to households already



The Trump administration's settlement would end the Biden-era SAVE student loan repayment program.

WHAT NEWSDAY FOUND

- The Trump administration said it would end a Biden-era student loan repayment plan on Tuesday, as part of a settlement to resolve a lawsuit challenging the program's legality.
- Pending court approval, the legal agreement would put the final nail in the coffin for the Saving on a Valuable Education (SAVE) Plan, which offered more than 7 million borrowers lower monthly payments and faster debt relief.
- Consumer advocates have said the move adds financial strain to households already struggling with higher costs.

struggling with rising costs.

That includes borrowers in New York, many of whom will feel the impact of losing the federal government's "most affordable" monthly repayment plan, said Carolina Rodriguez, director at Education Debt Consumer Assistance Program (EDCAP), a program to help student borrowers in New York State.

"For some borrowers switching over to one of the other plans is going to create an even tighter budget and for other borrowers, they may simply not be able to afford it at all," she said.

Record high delinquencies

Since February, when credit files started including new federal student loan delinquencies for the first time since March 2020, student loan delinquency rate has been at record highs, with 3.1% of borrowers seeing a delinquency added to their credit file between February and April, Newsday has reported.

"If you add the fact that you have 7 plus million people right now being safeguarded from delinquency and default, if you pull the rug of SAVE, then you're going to have even more

people facing delinquency and default. It's going to be worse," Rodriguez said.

The National Consumer Law Center in a news release criticized the proposal for — among other things — not clarifying what would happen to SAVE borrowers who do not apply to switch plans. The center also argued that the Department of Education has yet to implement congressionally required changes to make all SAVE borrowers eligible for the alternative repayment Income-Based Repayment Plan.

"The SAVE plan had created a meaningful pathway for low- and middle-income people to move toward paying off their student loans while making affordable monthly payments. Now, in the midst of a national affordability crisis, their way forward is murky and complicated," said Abby Shafrroth, managing director of advocacy at the center, in a news release.

Court cases challenging the SAVE plan have blocked new borrowers from enrolling since this spring.

Borrowers currently enrolled in SAVE are in forbearance, which means they are not required to make payments, but

interest started accumulating Aug. 1 and months spent in forbearance do not count toward Income-Driven Repayment Plan Loan Forgiveness or Public Service Loan Forgiveness.

Borrowers under SAVE should start researching other repayment plans they qualify for, Rodriguez said, noting that ignoring loans "is not a good outcome."

Find trusted resources

Borrowers should seek trusted resources for counseling, such as through EDCAP, which is funded by the state and provides free support across Long Island and the rest of New York, she said. Borrowers can book one-on-one remote appointments through the EDCAP site.

Federal Student Aid, an office under the Education Department, has also encouraged borrowers to use Loan Simulator to explore other available repayment plans.

Some people "are afraid to explore repayment plan options" because they think they may not be able to afford anything, but "in a lot of situations, the payment may be actually lower than they expect," Rodriguez said.

The Student Debt Crisis Center is also providing information and resources for borrowers, with workshops planned in coming weeks.

"We understand this is a lot of information for people to untangle," said Sabrina Calazans, executive director at the Student Debt Crisis Center. "We will continue to communicate these updates to folks."