

Navigating the Future of Student Loans

Insights from State Ombudsmen and Advocates



Housekeeping Items & Agenda

Ombudsman Overview

Student Loans 101

SAVE

Consolidation

Repayment Plans

Public Service Loan Forgiveness (PSLF)

Default and Delinquency

Rights and Responsibilities

Resources

Role of the Ombudsman

Help borrowers understand repayment plans, forgiveness or discharge eligibility, and rights and responsibilities.

Help borrowers in default understand options.

Facilitate communication with student loan servicers.

File complaints to help resolve issues with servicers including payment issues, credit reporting, incorrect balances or poor customer service.

Connect borrowers with available resources.

Conduct education and outreach.

Cannot provide legal or financial advice.

Cannot expedite or confirm student loan forgiveness or discharge.

Cannot track or expedite FSA feedback or reconsideration requests.

Cannot process or expedite student loan refunds.

Cannot halt collection actions for default borrowers.



Student Loans 101

Evelyn Castro - Nevada

Key Student Loan Statistics

Total Student Loan Debt: \$1.8 Trillion



Total Borrowers: 42M+ Americans



Average Federal Student Loan Debt Per Borrower: \$39,375



Types of Student Loans

Federal Student Loans

- Funded and guaranteed by the U.S. Department of Education (ED).
- Fixed interest rates set by Congress.
- More affordable payment options.
- Potential loan forgiveness, discharge, and cancellations.
- Options for deferment and forbearance
- Credit check required for PLUS loans.
- Once federal loan is refinanced to private loan, may not revert to federal.

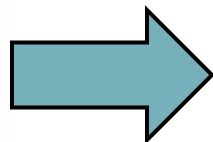
Private Student Loans

- Not guaranteed by the ED.
- Funded by banks, schools, credit unions, or private lenders.
- Few, if any, payment options available.
- Variable or fixed interest rates set by the lender.
- Generally, not eligible for forgiveness or discharge.
- Limited hardship options depending on lender.
- Usually requires credit check or co-signer.

Who's Who?

Borrower

- Individual who has taken out a loan to pay for education expenses and is responsible for repaying that loan according to the terms set by the lender.



Servicer

- The company that manages your loan on behalf of the lender. Servicers handle billing, payments, and repayment plan changes

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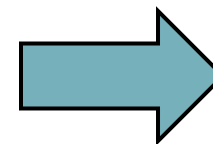
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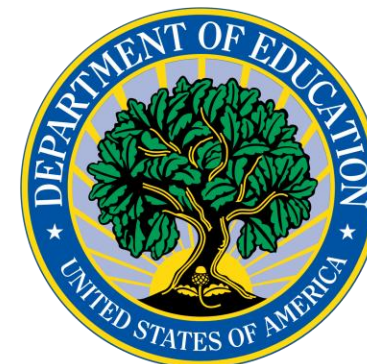
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Lender

- The entity that issues and funds your loan and sets the terms and conditions of your loan.



Repayment Options - Federal Student Loans

- ➔ **10-Year Standard** - Fixed monthly payments that ensures your loans are paid off within 10 years.
- ➔ ➔ **Extended** - Monthly payments are fixed or graduated and will ensure loans are paid off within 25 years.
-  **Graduated** - Monthly payments start low at first, then increase usually every two years. Designed to ensure loans are paid off within 10 years.
-  **Income Driven Repayment (IDR) Plans** - Monthly payments based on how much you make and your family size. Remaining balance of loan is forgiven after satisfying a certain number of months of qualifying payments.

New Borrowing Limits- Effective July 1st, 2026

No changes to undergraduate limits.

Parent Plus Loans

- Borrowing will be capped at \$20,000 per year per dependent student with an aggregate total of \$65,000.

Elimination of Graduate Plus program.

Borrowers will be impacted only if they take additional PP or Plus loans after July 1, 2026. Will be "grandfathered" into old rules for up to three years.

Graduate Programs - What is "graduate"?

- Limited to \$20,500 annual and lifetime borrowing of \$100,000.

Professional Programs- What is "professional"?

Limited to \$50,000 annual and lifetime borrowing of \$200,000.

Overall lifetime borrowing limit of \$257,500.



Saving on a Valuable Education (SAVE) Plan

Margaret McWhorter – Illinois

What is the SAVE Plan?

- An Income-Driven Repayment (IDR) plan.
- Short for "Save on a Valuable Education".
- A "Rule" created the SAVE Plan.
- That Rule included more than just the SAVE Plan.
- Essentially a modified version of the 2015 IDR plan called REPAYE updated to allow:
 - Faster forgiveness for low-balance borrowers; and
 - More affordable monthly payments for undergraduate loans.
- REPAYE borrowers were automatically moved into SAVE in summer 2023.
- 7 million borrowers currently enrolled in SAVE.
- Subject of an ongoing lawsuit.

SAVE Litigation Timeline

March and April 2024: 11 State Attorneys General Offices filed 2 lawsuits against the Department of Education about various aspects of the SAVE Plan Rule.

June 2024: Court issues an injunction and SAVE Plan paused while case is heard.

July 2024: Borrowers in the SAVE Plan placed on interest-free forbearance.

August 1, 2025: Forbearance continues, but now interest accrues.

December 2025: Suing States and the Department of Education reach an agreement to settle.

February 26, 2026: Court dismisses the lawsuit as moot but does not rule on the merits.

March 4, 2026: Plaintiffs appeal to the 8th Circuit Court of Appeals.

March 9, 2026: Appeals Court tells the Lower Court to enter the December agreement.

March 10, 2026: Lower Court enters order ending the SAVE Plan (*certain periods of deferment or forbearance that are eligible for IDR plan forgiveness will continue because that part of the SAVE Plan Rule had not been challenged (see 34 C.F.R. § 685.209(k)(4)(iv)).*)

March 13, 2026: Motion to Intervene and Motion to Reconsider filed by an outside group.

Tips for SAVE borrowers

- Keep your contact information up to date with your student loan servicer and the Department of Education (ED).
- Check your accounts regularly for any news and announcements.
- Determine your goal. Are you seeking forgiveness, low monthly payment or paying off your balance?
- Be prepared to apply to change plans if/when required.
- [Loan Simulator | Federal Student Aid](#)

- Watch out for scammers! Remember, it's always free for federal student loan borrowers to consolidate their loans, apply for repayment plans, or be eligible for forgiveness.
- Never give out your FSA ID or password.
- [Manage Loans | Federal Student Aid](#)



Federal Student Loan Consolidation

Michelle Jarvis-Lettman - Connecticut

What is consolidation?

- Converting older loans (FFEL, Perkins) into a Direct Consolidation Loan.
- Combining multiple Direct loans into a single Direct Consolidation Loan.
- Consolidation process can take 30 - 60 days.
- Consolidation is free.

Why consolidate?

- One single loan; one monthly bill.
- One fixed interest rate.
- Access to IDR repayment plans or Public Service Loan Forgiveness (PSLF).

Things to Consider

- Consolidation can occur with a single loan.
- If you wish to consolidate an already Consolidated Direct Loan, you must have another loan to combine with.
- Your monthly payment will go down but your repayment term may be longer.
- Any unpaid interest will be capitalized and added to your balance.
- The new interest rate on the new Direct Consolidation Loan will be a weighted average based on interest rates.
- Consolidating your loans now might impact your payment counts for PSLF and result in a weighted average of PSLF credits. [PSLF Weighted Average Calculator](#).
- Consolidating a Parent Plus Loan with a Direct Consolidation Loan may limit access to IDR plans.



Upcoming Changes to Repayment Plans

Jessica Manfredi – Washington

Key definitions

- New borrowers: anyone with loans **after** July 1, 2026
 - You are **in school (and borrow)** on/after Fall 2026
 - You **consolidated** your loans after July 1, 2026
 - You borrow money for your **dependent** after July 1, 2026
- Current borrowers: anyone with **all** loans before July 1, 2026
 - You borrowed prior to July 1, 2026, and will not be **borrowing** (for yourself or a dependent) or **consolidating** in the future

New repayment plans

- **Repayment Assistance Plan ("RAP")** bases your payments off adjusted gross income, number of dependents, and tax filing status.
 - Forgiveness after 30 years
 - A minimum payment of at least \$10, no matter your income or family size
 - \$50 payment reduction per dependent
 - **Parent PLUS is NOT eligible for RAP**
- **New "Tiered" Standard Plan**
 - <\$25,000: 10 years
 - \$25,000 - \$49,999: 15 years
 - \$50,000 - \$99,999: 20 years
 - \$100,000+ : 25-years

Effective July 1, 2026

Current borrowers (*only* loans before 7-1-2026):

- Existing Standard, Extended, and Graduated plans
- Income-Based Repayment (IBR) plan
- Repayment Assistance Program (RAP) plan
- Income-Contingent Repayment (ICR) and Pay As You Earn (PAYE). **ICR and PAYE will be phased out by July 1, 2028. If you're enrolled in those plans, you'll need to switch to a new plan.*

New borrowers (*any* loans after 7-1-2026):

- Repayment Assistance Program (RAP) plan
- New "Tiered" Standard Plan


Effective July 1, 2028

Current borrowers (*only* loans before 7-1-2026):

- Existing Standard, Extended, and Graduated plans
- Income-Based Repayment (IBR) plan
- Repayment Assistance Program (RAP) plan

New borrowers (*any* loans after 7-1-2026):

- Repayment Assistance Program (RAP) plan
- New "Tiered" Standard Plan



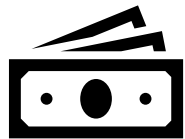
Status of Public Service Loan Forgiveness (PSLF)

Jessie Meyers – District of Columbia(DC)

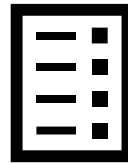
PSLF Overview

- Forgiveness program administered by the Department of Education.
- Program that forgives student loan balance of borrowers employed by government or non-profit organizations.

Remainder of your loan balance is forgiven after you..



Make 120 monthly **payments** on a **qualifying** repayment plan



On **Direct** loans from the Department of Education



While working at least **30 hours a week**



At a **qualifying employer** (government or non-profit)

I have seen headlines about PSLF. Why is that?

- These headlines are largely driven by a Department of Education rulemaking
 - Rule aims to remove PSLF eligibility for certain employers.
- Unclear on the future of implementation. There are several pending legal challenges (including a suit from multiple states and DC)
- ED has stated the rule, if implemented, could impact **10 employers per year.**

What do we know?

- PSLF is a **program created by law.**
- Changes are not likely to impact prior history (so, **not retroactive**).
- Generally, most PSLF processes are **automated.**
- We are still seeing **borrowers receive PSLF.**

Keep certifying your employment!

PSLF Buyback

- You can buy back certain months in your payment history (such as those in the SAVE forbearance) to make them qualifying payments for PSLF.
- There is a large backlog of unprocessed PSLF Buyback requests
 - As of February 28, 2026, the Buyback backlog is over 88,000 applications.
 - Just over 2,500 PSLF Buyback requests were processed in the month of February.
- There is no estimate at this time for how long it will take for requests to be processed.
- Duplicate requests will not result in faster processing.

What do I do?

- You can consider applying to switch into another IDR plan.
- You can file a complaint with ED, your Congressional representative, or your Attorney General's Office.



What are upcoming changes to PSLF?

Amber Hay – Washington

Upcoming Changes for PSLF

- **Borrowers with unconsolidated Parent PLUS Loans** must submit their consolidation application by April 1, 2026, to preserve access to IDR plans and PSLF.
- **New borrowers** (those borrowing for yourself or consolidating current loans after July 1, 2026) must repay under the RAP plan to make progress towards PSLF.
 - New Parent PLUS borrowers will not be able to access the RAP plan or PSLF.
 - New borrowers with both Parent PLUS Loans and loans for their own education may access RAP and PSLF for non-Parent PLUS Loans.

PSLF Changes for Current Borrowers

- **For current borrowers pursuing PSLF, who are NOT borrowing more:**
 - If in the SAVE plan, start looking at other currently available IDR plans (ICR, PAYE, or IBR).
 - Note that months in the SAVE forbearance do not count towards PSLF.
 - If in ICR or PAYE, borrowers must move into IBR or RAP by July 1, 2028.
 - Borrowers in IBR can stay in IBR indefinitely.
 - Continue to recertify IBR plan every 11 months until reaching PSLF.
 - Borrowers will be able to access RAP starting July 1, 2026.
- **Action Item:** Consider using the online [IDR app](#) and its IRS connection tool to see monthly repayment estimates under available IDR plans. [EDCAP calculator](#) provides RAP estimate.



Default and Delinquency

Stephanie Roux – Maine

What is delinquency? What is default?

Delinquency

A loan becomes delinquent the first day after a missed payment. This can result in potential late fees after **30 days** and negative credit reporting after **90 days (3 months)**

Negative Credit Reporting

Data in a consumer's credit report that could negatively impact the consumer's credit, such as late or missed payments. This can impact your ability to access loans, credit cards, housing, or a job.

Default

If you miss payments on your student loans for **more than 270 consecutive days (9 months)**, your federal student loans enter default

Why should I care about default?

- The entire unpaid balance of the loan is immediately due (called "**acceleration**").

- Loan becomes **ineligible** for any type of payment plan, forgiveness program, deferment or forbearance.

- You are **unable** to obtain additional federal student loans or grants.

- Your **tax refunds** can be offset (meaning - **reduced**).

- Your **wages can be garnished** up to 15%.

- Negative credit impacts.

- You may be taken to court; collection and attorney fees, court costs, and any other costs associated with the collections process **may be charged to you.**

My loans are in default. What can I do?

Generally, you can...

- **Consolidate:** Repay the defaulted loan with a new Direct consolidation loan

- **Rehabilitate:** Enter into a **written** agreement with your loan holder to **pay** 9 reasonable monthly payments on-time and in-full within 10 consecutive months (one-time opportunity)

There are trade-offs between these options. Learn more at <https://studentaid.gov/manage-loans/default/get-out> or contact your Student Loan Ombudsman

Your options depend on your loan default and consolidation history.



Borrower Rights and Responsibilities

Lane Thompson – Oregon

Borrower Rights and Protections

As a borrower, you have certain rights and responsibilities. These vary by loan and state but often include:

- Loan servicers should process and **post loan payments** in a timely manner.
- Student loan servicers should **provide borrowers with accurate information** about loan terms, repayment options, and benefits.
- Loan servicers should **process paperwork** in a timely manner.
- Loan servicers must **respond** to many advocates and ombuds' offices within a specific **timeline**.
- **Special protections** may exist for military borrowers, borrowers working in public service, older borrowers, and borrowers with disabilities.
- Certain states allow for private right of action, if borrower has been harmed by servicer.

Borrower Responsibilities

- Borrowers should know who their servicer is, what type of loan they have, and how much they borrowed.
- Borrowers can check whether a company is licensed to collect ([NMLS consumer access](#))
- Consumers are expected to track, and request correction of, credit reporting errors.
- Borrowers are required to repay loans according to the terms of the promissory notes they signed.
- Borrowers are required to repay loans, regardless of graduation status.
- Borrowers are expected to educate themselves on loan repayment and forgiveness options (good job!).
- Borrowers have a right to submit a complaint to your state's ombuds or advocates office, the Consumer Financial Protection Bureau (CFPB), and the U.S. Department of Education's Federal Student Aid.



Resources

Jabra Kawas – Minnesota

Resources

- Your student loan servicer should be the first stop with questions and/or concerns.
- You can find your servicer information on your FSA online account. If you are unable to obtain information in a timely manner, or get a resolution, the next stop may be your state government.
- If your state has a student loan ombudsperson or advocate, reach out to them. They are the subject matter experts in this area and would be happy to assist where they can.
- If you reside in a state that doesn't have a student loan ombuds office, you may wish to reach out directly to the Department of Education via Federal Student Aid (FSA). Questions or complaints may be submitted to FSA's Feedback Center.
- For private loan complaints you can file a complaint with Submit a complaint | Consumer Financial Protection Bureau

Resources (cont.)

- If you have defaulted on federal student loans, you may want to reach out to the [Default Resolution Group](#) at FSA. The DRG oversees the collections process for all defaulted loans that are held by the Department of Education.
- If you are pursuing [Public Service Loan Forgiveness \(PSLF\)](#) and have questions about the status of your forgiveness, your servicer should be your first stop for any questions.

Other resources:

- [Protect Borrowers Congressional Casework Tool - Protect Borrowers](#)
- [Federal Student Loans - Protect Borrowers](#)
- [Student Loan Borrowers Assistance](#)
- [EDCAP Helps New Yorkers With Student Loans and Debt - EDCAPNY.org](#)
- [Balance: Financial Wellness](#)
- [TISLA - Fair, Free, Student Loan Advice](#)

Panelist Contact

Celina Damian - California Student Loan Ombudsperson

- [Contact DFPI's Student Loan Ombudsperson - DFPI](#)

Michelle Jarvis-Lettman - Connecticut Student Loan Ombudsman

- michelle.jarvis-lettman@ct.gov

Jessie Meyers - DC Student Loan Ombudsman

- DCLoanHelp@dc.gov

Margaret McWhorter - Illinois Student Loan Ombudsman

- <https://illinoisattorneygeneral.gov/File-A-Complaint/> and studentloans@ilag.gov

Stephanie Roux - Maine Student Loan Ombudsman

- <https://www.maine.gov/pfr/consumercredit/complaint.htm>

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Lane Thompson - Oregon Student Loan Ombudsman

- DFR.bankingproducthelp@dcbs.oregon.gov

Jessica Manfredi - Washington Student Loan Advocate

Amber Hay - Washington PSLF Advocate

- <https://www.studentcomplaints.wa.gov>

Thank you!

