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# Trump's Red State Higher Ed Dilemma

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President Trump has made no secret of his disdain for higher education and desire to gut an array of federal reforms and regulations put forth by his predecessor. High on the list are provisions that offer protections for federal student loan borrowers, such as the borrower defense to repayment process for students who were defrauded by their institution and closed school discharge regulations for student borrowers whose college precipitously shut its doors. Public Service Loan Forgiveness (PSLF), which provides a pathway for borrowers to have their balance forgiven after ten years of working in fields that serve the public good and making regular debt payments, has also been maligned by the Administration, and Congressional Republicans have recently called for scaling back eligibility for the program.

President Trump has the upper hand in setting a regulatory agenda and driving the budget reconciliation process, but slashing these types of programs wouldn't just be unpopular—it would also be bad news for the red state voters who sent him back to office. All three of these programs deliver larger benefits to more student loan borrowers in red states than blue states.

## Borrower Defense to Repayment

The borrower defense to repayment rule provides a process for borrowers to be made whole if their college defrauded or misled them. Borrowers who qualify for a loan discharge through borrower defense often attended an institution of higher education that engaged in illegal conduct, such as aggressive and deceptive recruiting or misrepresenting former students' employment outcomes. Low-income students and student veterans, who often bring with them coveted federal grant dollars, are among the most vulnerable to the predatory behavior exhibited by institutions against which borrower defense claims are filed.

As of early January 2025, borrower defense applications had been approved for a total of 1.7 million borrowers. [1] Fifty-nine percent, or 982,310 approved applications, came from borrowers in states that voted for President Trump. These red state defrauded borrowers received $15.1 billion in relief, compared to $9.7 billion disbursed to 617,430 borrowers in blue states. Three of the top five states by number of approved applications and disbursement amount (Texas, Florida, and Georgia) are red states, as are seven of the top ten.

## Closed School Discharges

The closed school discharge regulation provides a standard process for borrowers to receive a discharge of their loans if the school they attended closed its doors before they were able to complete their program. Closures of this nature often happen suddenly, leaving students in the lurch, and they are correlated with long-term negative effects on student outcomes. A study from the State Higher Education Executive Officers' Association and National Student Clearinghouse Research Center found that students whose college closed are 50% less likely to complete a postsecondary credential.

As of June 2020, publicly available data from the National Student Loan Data System showed that a total of $350.5 million had been discharged to 31,025 borrowers through automatic closed school discharges. [2] More than half of those borrowers—at least 16,965—attended schools located in states that voted for President Trump, accounting for $199.8 million in red state student loan discharges compared to $145.4 million associated with schools in blue states. [3]

## Public Service Loan Forgiveness

The PSLF program was established by Congress with bipartisan support in both the House and Senate in 2007 and signed into law by President George W. Bush. It offers forgiveness of borrowers' outstanding loan balances after working for a decade in public sector jobs (for example, as first responders, law enforcement officers, or public school teachers) and making 120 qualifying payments toward their loans. The program is designed to both support public sector employers in recruiting and retaining high-quality talent and provide a benefit to workers that can help incentivize entry into important service professions that often have lower salaries.

The first year that borrowers could have been eligible to receive PSLF relief was 2017, yet the prior Trump Administration denied 99% of requests submitted between 2018 and 2019. The Biden Administration subsequently implemented a series of fixes to streamline the process and ensure that eligible borrowers are able to access the relief to which they are entitled. As of early January 2025, $78.5 billion in PSLF discharges had been approved for more than 1.1 million public servants since October 2021. [4] Fifty-five percent, or 586,110 PSLF borrowers, came from red states, accounting for a total outstanding loan balance of $43.3 billion compared to 461,260 approved blue state borrowers with a combined outstanding balance of $33.4 billion.

# Conclusion

President Trump and Congressional Republicans are on a warpath to slash government spending. But within their massive list of proposed cuts are a range of popular policies that benefit Americans coast to coast—and in cases like these, with greater benefits going to constituents in red states than blue states. Republicans will find plenty of reasonable places to trim fat. Commonsense higher ed programs that provide needed relief to student loan borrowers should not be among them.

## ENDNOTES

1. These totals include $16.2 million disbursed to 810 approved Puerto Rico borrowers and $896.5 million disbursed to 73,830 borrowers from "all other locations," which are excluded from the state breakdowns. Data accessed 30 Jan. 2025, https://data.ed.gov/dataset/approved-debt-relief-by-state/resources?resource=6a1fab7a-f847-4419-8a78-72a7e8a113f3.

2. These figures include $5.4 million discharged to 465 borrowers from "all other schools," which are excluded from the state breakdowns.

3. Most schools for which closed school discharges were made in this time period were proprietary institutions, some of which may have delivered instruction online; in this case, students may or may not live in the same city and/or state in which the school is located.

4. These totals include a combined outstanding balance of $214.3 million from 4,410 Puerto Rico borrowers and a combined outstanding balance of $1.5 billion from borrowers in "all other locations," which are excluded from the state breakdowns.