



Education | Healthcare | Public Services

Protect-Don't Wreck- Higher Education in 2025: Legislative and Executive Branch Threats

The Trump administration wants to make painful cuts to education and healthcare in order to slash taxes for billionaires. The administration's plan to gut the U.S. Department of Education would rob students and working families of federal financial aid, limiting access to college and foreclosing educational opportunity. Slashing federal student loans will mean anyone without the wealth to pay for college upfront will be pushed into the risky private student loan market. Medicaid cuts could strip healthcare coverage from 10.3 million people, affecting students and their families. Without affordable, accessible education and healthcare, the ladder of opportunity will be cut down.

What's at stake?

In Congress

Most Americans pay for college through a complex system of state and federal funding streams. At the federal level, students and their families are offered a variety of grants, loans and tax credits to make college accessible. Some of these programs, such as the Pell Grant, are subject to the annual federal appropriations process, which changes eligibility and award levels a little bit each year. Other offerings, like federal student loan programs such as Direct Loans for students or their parents, are automatically available each year unless Congress intervenes.

By using a tool in the budget process (reconciliation) that only needs a simple majority in the Senate and deals only with mandatory funding, the Trump administration and MAGA Republicans can decimate the federal student loan program that families count on to pay for college.

Federal student loans account for \$85 billion each year, including types of Direct loans and such as Direct Subsidized and grad PLUS loans. Cuts to these programs would impact colleges financially as Americans rely on federal loans to pay for higher education more than any other lending source. This means Congress, backed by the Trump administration, can support:

- **Limiting federal financial aid**, both Pell grants and federal student loans, to the median cost of attendance—intentionally leaving half of all students with unmet financial need.
- **Eliminating the American opportunity tax credit**, which covers qualified education expenses for eligible students in their first four years of higher education. Taxpayers can get a maximum annual credit of \$2,500 per eligible student.
- **Eliminating the lifetime learning credit**, which provides a nonrefundable tax credit equal to 20 percent of the taxpayer's qualified tuition and related expenses that do not exceed \$10,000.
- **Eliminating the exclusion of scholarship and fellowship income**, which are generally excluded from taxable income if used for tuition and related expenses.
- **Eliminating the deduction of interest on student loans**. Middle-class taxpayers currently can deduct up to \$2,500 of interest paid on student loans from their taxable income.
- **Making student loans more expensive** by eliminating existing income-driven repayment plans and replacing them with a less affordable option.

The AFT is a union of professionals that champions fairness; democracy; economic opportunity; and high-quality public education, healthcare and public services for our students, their families and our communities. We are committed to advancing these principles through community engagement, organizing, collective bargaining and political activism, and especially through the work our members do.

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- **Sunsetting grad and parent PLUS loans.** Eliminating parent PLUS loans, which are offered to parents of dependent undergraduate students, and grad PLUS loans, which are offered to graduate students and students enrolled in professional programs, will limit access to these programs. If students still want to enroll, they will be forced into the private student loan market, which lacks important consumer protections.

Through executive orders

The Trump administration is using **executive orders** to:

Attack colleges and universities, dismantle the Department of Education, influence curriculum and assault educators and vulnerable students. Some executive orders just use the bully pulpit to promote favored causes—some may lead to disruptive action (such as on competitive grant programs) and during this administration some will lead to illegal changes that will be challenged in the courts.

Illegally withholding federal funding that Congress has appropriated, such as the Office of Management and Budget's "funding freeze" memo and cancellation of grants awarded. These violations of the laws against "impoundment" and "apportionment" infringe on Congress' power of the purse.

For example:

- On Feb. 10, the Department of Government Efficiency, run by billionaire Elon Musk, canceled 89 contracts with the Institute of Education Sciences worth up to \$881 million. ("DEI Remains a Big Target as Trump Makes More Cuts," University Business, Feb. 19, 2025).
- The Trump administration announced Feb. 7 that the "indirect cost" rate for all National Institutes of Health grants would now be capped at 15 percent. While the change is currently on hold subject to legal challenges, such a change would amount to an immediate cut of billions of dollars in biomedical funding.
- Indirect cost rates support facilities and administrative costs related to research. These costs are essential to fund university infrastructure and personnel as they conduct lifesaving research that supports finding cures and treatments for cancer, Alzheimer's disease, chronic disease and more. Many universities receive an average of 28 percent, and sometimes as high as 50 percent or more, of the amount of a grant to support related research activities. These rates are tailored to each institution's research intensity and classification using a well-established system