President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

Secretary Miguel Cardona
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

December 17, 2021

Re: Extending the Student Loan Payment Pause

Dear President Biden and Secretary Cardona:

As our nation continues to grapple with the effects of the ongoing pandemic, **we urge you to delay the restart of student loan payments, currently scheduled for February 1, 2022.**

We commend the Administration and the Department of Education (ED) for its work in combating the COVID-19 national emergency. Your work has saved lives and improved economic conditions associated with the pandemic. However, borrowers and their families continue to face challenges as a result of the ongoing national emergency. So long as the national emergency declaration is in place, the Administration retains the legal authority to pause student loan payments. To provide more predictability and certainty for borrowers, it should continue to do so through the end of the national emergency.

The pandemic continues to pose a threat to our nation's recovery with dangerous new variants and a recent uptick in cases and hospitalizations.

Despite improvements in the national economy, there remain two primary economic concerns. First, an incoming "large wave" of COVID-19 cases, as forecasted by a senior administration official, could undermine workers' ability to remain on the job safely. And second, the pandemic exacerbated health and economic disparities by race and ethnicity, compounding long standing inequities in education, employment and wealth. As a result, Black borrowers, especially Black women, will face undue hardship if loan payments are turned on too soon.

In addition to challenges related to the pandemic, the student loan servicing system is strained. Servicers managing more than a third of borrower accounts have recently announced plans to exit the system, resulting in large portions of the student loan portfolio being transferred to other companies. In the months after payments resume, the need for high-quality servicing may not be met due to a reduced servicer workforce as a result of the pandemic. Requiring approximately 40 million borrowers to begin making student loan payments in less than two months has caused additional anxiety among borrowers and is likely to add further stress to the servicing system, which may increase the risk of error and confusion.

Further, it is not clear that borrowers, especially those who are in default, and the broader general public are fully aware of the plans the Administration has already made for ensuring a smooth and harmless return to repayment, including strategies to protect at-risk borrowers. As such, we believe that it is in the best interest of borrowers and their families to extend the pause on student loan payments.

However, if the Administration chooses to move forward with its plan to restart student loan payments on February 1, 2022, we urge the Administration to consider the following actions, providing additional protections and relief for student loan borrowers:

Waive interest for all borrowers. The Department should continue to waive interest for the duration of the national emergency, as recently recommended by Senator Reverend Raphael Warnock and 13 other Senators. This measure is estimated to save borrowers $5 billion per month.

Restore all defaulted borrowers to good standing. Defaulted borrowers will face severe and immediate penalties if they are put back into repayment. The Department has the authority to restore all defaulted borrowers to good standing during the pandemic. While borrowers who rehabilitated their loans early in the pandemic will enter repayment in good standing, the vast majority of defaulted borrowers did not and perhaps were not eligible to do so.

Ensure borrowers can easily access income-driven repayment (IDR) plans. The process for enrolling in (or re-certifying enrollment in) an IDR plan can be complex and time-intensive for borrowers and servicers, even during regular times. ED recently announced plans to streamline IDR enrollment, including allowing borrowers to enroll in and re-certify enrollment in income-driven plans without requiring extensive paperwork. While this is an important protection for borrowers, ED and servicers must ensure that borrowers are fully aware of this benefit.

Include hold-harmless measures. There is widespread concern that borrowers, especially those hit hardest by the pandemic, may struggle to make payments. The Department has intimated it will offer grace periods to prevent borrowers from immediately becoming delinquent. Announcing this and any other plans to hold borrowers harmless and provide additional supports and benefits in the early months of the repayment restart ensures transparency and would boost confidence in the process. It will be helpful for borrowers and the public to understand what triggers the hold-harmless provisions, how long they last, and what mechanisms ED plans to use for these provisions.

We welcome the opportunity to discuss these recommendations with you. If you have any questions, please contact any of the undersigned organizations.

Sincerely,

Center for American Progress

New America Higher Education Program

The Institute for College Access & Success