



September 18, 2024

The Honorable Miguel Cardona, Ed.D.
Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20024

CC: *The Honorable James Kvaal, Under Secretary, U.S. Department of Education*
Ben Miller, Deputy Under Secretary, U.S. Department of Education
Juliana Rinz, Deputy Under Secretary, U.S. Department of Education
Denise Carter, Principal Deputy Chief Operating Officer, Office of Federal Student Aid
Bonnie Latreille, Ombudsman, Office of Federal Student Aid

Dear Secretary Cardona,

In response to the COVID-19 pandemic, the CARES Act and related administrative actions [paused](#) several aspects of student loan repayment to provide relief to borrowers during the national emergency. With the expiration of the payment pause in September 2023 and the resumption of payments in October 2023, the Department of Education introduced several measures to assist borrowers facing financial difficulties.

The Department [instituted](#) a 12-month "on-ramp" to repayment, running from October 1, 2023 to September 30, 2024, so that financially vulnerable borrowers who missed payments during that period are not considered delinquent, reported to credit bureaus, placed in default, or referred to debt collection agencies. This on-ramp was essential but is now insufficient in light of ongoing legal challenges to the Saving on a Valuable Education (SAVE) plan.

Between [ongoing](#) servicer issues, the legal [injunction](#) preventing the Department from implementing portions of the SAVE plan and other income-driven repayment plans, and the associated confusion around [administrative forbearance](#), borrowers need more time to successfully navigate their student loans. We write today asking you to, at a minimum, extend the repayment "on-ramp." The Center for American Progress is dedicated to protecting students and advancing a more equitable and higher-quality postsecondary education system, and we hope that you will act swiftly on the following recommendations.

Borrowers Need Support When Reentering Repayment

In its 2024 [report](#) on borrower repayment practices after the payment pause, the Government Accountability Office (GAO) highlighted how complex student loan repayment is. The report

indicated that nearly a third of borrowers were past due, and of those more than half were more than 90 days late on payments, indicating that there is a significant portion of borrowers experiencing difficulty making their monthly payments. Such findings suggest that there are unresolved, underlying financial issues, and/or other barriers that prevent borrowers from making payments.

The report also indicated that while the overall number of borrowers increased by more than 4 million between January 2020 and January 2024, the number of borrowers in default decreased by nearly 2 million, indicating that while more people were taking on student loans, fewer were falling into default. This trend could be the result of improved repayment programs, such as the SAVE plan, or other increased efforts to prevent defaults. The report further highlighted that more than half of borrowers enrolled in the SAVE program have a scheduled payment of \$0 suggesting that the program is effectively targeting borrowers with very low or no income. The high levels of severe delinquency and continued missed payments among those protected under the Department's initiatives, like the on-ramp, suggest that more comprehensive or targeted support may be necessary to fully address borrower needs.

Extend the On-Ramp and/or Extend the Benefits of the On-Ramp¹

With the impending conclusion of the on-ramp at the end of this month, millions of borrowers face the risk of defaulting on their student loans. The GAO [found](#) that **nearly 6 million borrowers had reached 90 days past due on their loans as of January 31, 2024**. Largely due to the on-ramp program, these [borrowers](#), who tend to be older, Pell Grant recipients, and are more likely to come from underrepresented backgrounds, were thus shielded from the worst consequences of default, like being reported to credit reporting agencies.

The Department itself has [acknowledged](#) how restarting student loan repayments is a complex challenge requiring a coordinated effort from the Department itself, its contractors, partners, and Congress. It recognizes that borrowers may need additional time to explore their options and determine the best way to resume payments. The on-ramp program, a shield that protects borrowers from the harshest consequences of missed, late, or partial payments, served as a protective measure at a time of transition back to repayment. Borrowers need effective and supportive mechanisms as they resume payments, as research [indicates](#) that those who see their balances grow may become discouraged and perceive successful repayment as unattainable. When the pandemic payment pause ended, millions of borrowers entered or reentered repayment. [Historical data](#) from past administrative forbearances, such as those following natural disasters, show that it can take over two years for repayment habits to stabilize, even after shorter forbearance periods. According to [internal research by the Office of Federal Student Aid \(FSA\)](#),

¹ “Generally, if student borrowers fail to make payments, Education can accelerate the loans, send the loans to collections, and take other enforcement actions. 34 C.F.R. § 685.211(d). However, Education has administrative forbearance authority that it can apply which allows Education to alter how it seeks to enforce repayment obligations. Id. § 685.205(a), (b).” <https://www.gao.gov/assets/870/865127.pdf>

many borrowers feel unprepared to start repaying, and a survey earlier in 2023 indicated that more than half of borrowers depended on the continuation of the payment pause for their financial stability. When borrowers resume payments after a period of forbearance, they face a [heightened risk](#) of falling behind on their payments or defaulting.

Under ideal conditions, during this on-ramp period, the Department would be refining and automating its student loan administration processes, including the implementation of the SAVE plan. However, this work has been disrupted due to a series of challenges, notably the numerous [lawsuits](#) that have generated significant confusion and uncertainty for borrowers.

Conclusion

We greatly appreciate the Biden-Harris administration for taking historic actions to tackle the student debt crisis in our country and their continued work to provide life-changing relief to millions of federal student loan borrowers. Since [taking office](#), the administration has [delivered](#) almost \$170 billion in student debt relief to 4.76 million borrowers. Were it not for the chaos created by legal challenges, student loan borrowers would be in a better place today than they were in 2020, thanks to the numerous improvements including overhauling the [Public Service Loan Forgiveness \(PSLF\) program](#), making it easier for eligible borrowers to get back on track and obtain their earned forgiveness, fixing [administrative and loan servicer errors](#) that frequently resulted in borrowers losing credit for years of payments, and providing [long-awaited](#) relief to defrauded borrowers.

While the fate of the student loan system is hashed out in court, borrowers need continued support in the form of an extended on-ramp.

Thank you for your continued leadership and commitment to students and borrowers. We would welcome the opportunity to discuss the requested actions above or if you have any questions, please contact Stephanie Hall at shall@americanprogress.org.