

Congress of the United States
Washington, DC 20510

June 23, 2021

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

Dear President Biden:

We are writing to urge you to act swiftly to extend the current pause on payments and interest for federally-held student loans. The United States faces a historic student debt crisis, with many of the nearly 43 million Americans with student loans being crushed under almost \$1.6 trillion in debt.¹ Even before the coronavirus disease 2019 (COVID-19) pandemic, roughly one million borrowers were defaulting on their student loans every year.²

The suspension of payments and interest during the pandemic has provided essential relief to borrowers and their families during this economic and public health crisis. Restarting payments, however, will present a significant challenge for borrowers, loan servicers, and the Department of Education (ED), and we urge you not to let the payment pause lapse when borrowers are still depending on this financial relief. We urge you to act quickly to extend the current pause on payments and interest so that borrowers are not penalized and student debt payments do not drag down the pace of our economic recovery. Specifically, we ask that you extend the pause by at least six months—until March 31, 2022—or until the economy reaches pre-pandemic employment levels, whichever is longer.

Borrowers have reaped significant benefits from the ongoing payment pause, taking the opportunity to pay down other debt, relieve financial pressures from lost jobs or decreased earnings, and support their families' needs.³ To date, the ED has provided approximately \$72 billion in relief on student loan interest alone – money that has been reinvested into the economy.⁴ The pandemic has wreaked havoc on our economy and caused prolonged unemployment for many households.⁵ While the economic recovery is in progress, additional financial support is needed by students and families throughout the summer, when eviction and

¹ Department of Education, Office of Federal Student Aid, “Federal Student Loan Portfolio,” <https://studentaid.gov/sites/default/files/fsawg/datacenter/library/PortfolioSummary.xls>.

² Educationdata.org, “Student Loan Default Rate,” accessed on April 2, 2021, <https://educationdata.org/student-loan-default-rate>.

³ Wall Street Journal, “A Year Without Student-Loan Payments,” Amber Burton and Julia Carpenter, March 20, 2021, <https://www.wsj.com/articles/a-year-without-student-loan-payments-11616252402>.

⁴ *Id.*; \$4.8 billion per month for 15 months (since March 2020) equals \$72 billion in waived interest.

⁵ The New York Times, “Why Are Jobless Claims Still High? For Some, It’s the Multiple Layoffs,” Ben Casselman, March 18, 2021, <https://www.nytimes.com/2021/03/18/business/economy/unemployment-claims.html>.

foreclosure moratoriums may lapse,⁶ and beyond September, when the extended unemployment benefits from the American Rescue Plan are set to expire.⁷

Even as the economic recovery picks up steam, it is not reaching all Americans equally. Women and people of color have been disproportionately harmed by the pandemic, which some experts have deemed “the most unequal recession in modern U.S. history,” and they have recovered at a slower rate.⁸ The same groups make up a disproportionate share of student borrowers.⁹ Black students, in particular, borrow more to attend college, borrow more often while they are in school, and have a harder time paying their debt off than their white peers.¹⁰ The median Black borrower still owes 95% of their debt twenty years after starting college, compared to only 6% for the median white borrower.¹¹ Communities of color and Native communities have also had higher rates of illness and death from COVID-19,¹² and higher unemployment rates throughout the pandemic at every age and education level.¹³

Women hold nearly two-thirds of the nation’s student debt, in part because they need higher levels of educational credentials to earn the same compensation as men.¹⁴ They were also more likely to lose their jobs or leave the workforce in 2020 than men, due to a combination of factors: women-dominated industries like health care and hospitality saw more job losses, and

⁶ The CDC eviction moratorium is currently scheduled to end on June 30, 2021. Centers for Disease Control and Prevention, “Temporary Halt In Residential Evictions to Prevent the Further Spread of Covid-19,” pg. 6, <https://www.cdc.gov/coronavirus/2019-ncov/more/pdf/CDC-Eviction-Moratorium-03292021.pdf>.

⁷ U.S. Department of Labor, “The American Rescue Plan,” accessed on April 29, 2021, <https://www.dol.gov/general/american-rescue-plan>.

⁸ Washington Post, “The covid-19 recession is the most unequal in modern U.S. history,” Heather Long, Andrew Van Dam, Alyssa Flowers, and Leslie Shapiro, September 30, 2020, <https://www.washingtonpost.com/graphics/2020/business/coronavirus-recession-equality/>.

⁹ Data for Progress, “The President Doesn’t Need Congress to Cancel Student Loan Debt. Democrats Will Push for Action in 2021,” September 17, 2020, <https://www.dataforprogress.org/blog/2020/9/17/the-president-doesnt-need-congress-to-cancel-student-loan-debt-democrats-will-push-for-action-in-2021>; Center for American Progress, “New Federal Data Show a Student Loan Crisis for African American Borrowers,” Ben Miller, October 16, 2017, <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>; Brookings, “Black-white disparity in student loan debt more than triples after graduation,” Judith Scott-Clayton and Jing Li, October 20, 2016, <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>.

¹⁰ UnidosUS, NAACP, Center for Responsible Lending, National Urban League, and The Leadership Conference Education Fund, “Quicksand: Borrowers of Color & the Student Debt Crisis,” September 2019, pgs. 6-8, <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>

¹¹ Institute on Assets and Social Policy at Brandeis University, “Stalling Dreams: How Student Debt is Disrupting Life Chances and Widening the Racial Wealth Gap,” Laura Sullivan, Tatjana Meschede, Thomas Shapiro, and Fernanda Escobar, September 2019, pg. 4, <https://heller.brandeis.edu/iere/pdfs/racial-wealth-equity/racial-wealth-gap/stallingdreams-how-student-debt-is-disrupting-lifechances.pdf>.

¹² Kaiser Family Foundation, “Racial Disparities in COVID-19: Key Findings from Available Data and Analysis,” Samantha Artiga, Bradley Corallo, Olivia Pham, August 17, 2020. <https://www.kff.org/racial-equity-and-health-policy/issue-brief/racial-disparities-covid-19-key-findings-available-data-analysis/>.

¹³ University of New Hampshire Carsey School of Public Policy, “The Inequities of Job Loss and Recovery Amid the COVID-19 Pandemic,” Rogelio Saenz and Corey Sparks, August 11, 2020, <https://carsey.unh.edu/publication/inequities-job-loss-recovery-amid-COVID-pandemic>.

¹⁴ American Association of University Women, “Analysis: Women Hold Two-Thirds of Country’s \$1.4 Trillion Student Debt,” May 21, 2018, <https://www.aauw.org/resources/news/media/press-releases/analysis-women-hold-two-thirds-of-countrys-1-4-trillion-student-debt/>.

school and child care closures forced many women to leave the workforce in order to care for their families.¹⁵ On the other side of the crisis, women also make up disproportionate shares of essential workers, especially in health care, where more than three-quarters of workers are women.¹⁶ One analysis found that health care and social assistance workers had the highest student debt burden of any industry, with an average payment of \$685 per month.¹⁷

The scheduled resumption of student loan payments in October could create a significant drag on our economic recovery. Before the pandemic, the average student loan payment was between \$200 and \$299 per month¹⁸ – a substantial part of a household budget, and money that is desperately needed for basic needs. While our federal student aid system offers several income-based repayment plans that allow struggling borrowers to lower their monthly payments,¹⁹ the enrollment process for these options is complex and lengthy, and student loan servicers are concerned that they will be overwhelmed by the number of borrowers who will need to navigate this process in a short period of time after a significant length of time in which they had little to no contact with borrowers.²⁰ Following past emergency suspensions of student loans during natural disasters, an increased number of borrowers became delinquent or defaulted on their loans.²¹ A wave of student loan defaults would cause long-term damage to borrowers' credit and financial stability and could put a sudden and unnecessary drag on the recovering economy.

This decision cannot be delayed. Borrowers, ED, and loan servicers will need time to prepare for any changes to the current situation, including the scheduled resumption of payments and interest. Under the previous Administration, there was little accountability for loan servicers to sufficiently support borrowers and prepare them to reenter repayment. The Administration is still in the process of improving the student loan repayment system and raising expectations for customer service and borrower outreach. We believe that resuming payments before this system is in place could harm vulnerable student borrowers who are unprepared for relief to end. For

¹⁵ Pew Research Center, "U.S. labor market inches back from the COVID-19 shock, but recovery is far from complete," Rakesh Kochhar and Jesse Bennet, April 14, 2021, <https://www.pewresearch.org/fact-tank/2021/04/14/u-s-labor-market-inches-back-from-the-covid-19-shock-but-recovery-is-far-from-complete/>; U.S. Census Bureau, "Moms, Work and the Pandemic: Tracking Job Losses for Mothers of School-Age Children During a Health Crisis," Misty L. Heggeness, Jason Fields, Yazmin A. García Trejo and Anthony Schulzetenberg, March 3, 2021, <https://www.census.gov/library/stories/2021/03/moms-work-and-the-pandemic.html>.

¹⁶ New York Times, "How Millions of Women Became the Most Essential Workers in America," Campbell Robertson and Robert Gebeloff," April 18, 2020, <https://www.nytimes.com/2020/04/18/us/coronavirus-women-essential-workers.html>.

¹⁷ Fidelity Investments, "Who's Paying the Most When it Comes to Student Debt? The Answer May Surprise You," October 29, 2019, https://s2.q4cdn.com/997146844/files/doc_news/archive/0c705003-d5d6-4ad9-9fd7-85b74825dd67.pdf.

¹⁸ Federal Reserve, "Report on the Economic Well-Being of U.S. Households in 2018," May 2019, <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-student-loans-and-other-education-debt.htm>.

¹⁹ Office of Federal Student Aid, "If your federal student loan payments are high compared to your income, you may want to repay your loans under an income-driven repayment plan," <https://studentaid.gov/manage-loans/repayment/plans/income-driven>.

²⁰ Inside Higher Ed, "Borrowers on Hold," Kery Murakami, December 10, 2020, <https://www.insidehighered.com/news/2020/12/10/student-loan-servicers-worry-about-being-overwhelmed>.

²¹ The Chronicle of Higher Education, "Student-Loan Borrowers Now Have More Breathing Room. It Won't Last Forever," Danielle McLean, August 11, 2020, https://www.chronicle.com/article/student-loan-borrowers-now-have-more-breathing-room-it-wont-last-forever?cid2=gen_login_refresh&cid=gen_sign_in.

these reasons, we encourage you to use your authority to provide immediate relief to borrowers by extending the pause on payments and interest by at least six months or until pre-pandemic levels of employment are reached.

Finally, we also understand that you are in the process of reviewing your legal and policy options for executive action related to student debt cancellation and are in the progress of making improvements to student loan relief programs, such as Public Service Loan Forgiveness, borrower defense, closed school discharge, and Total and Permanent Disability discharge through upcoming negotiated rulemaking.²² We encourage you to complete as many of these processes and reviews as possible before any federally-held student loan payments resume. However, given the fast-approaching deadline for borrowers to resume payments, it is critical that the Administration act as quickly as possible to extend the pause on payments and interest.

Thank you for your attention to this important matter.

Sincerely,



Elizabeth Warren
United States Senator



Charles E. Schumer
United States Senator



Ayanna Pressley
Member of Congress



Joe Courtney
Member of Congress

/s/
Edward J. Markey
United States Senator

/s/
Sherrod Brown
United States Senator

/s/
Ron Wyden
United States Senator

/s/
Robert Menendez
United States Senator

²² CNBC, "Biden asks Education secretary to see if he can legally cancel student debt," Annie Nova, April 1, 2021, <https://www.cnbc.com/2021/04/01/biden-administration-explores-options-for-canceling-student-debt.html>.

/s/
Richard Durbin
United States Senator

/s/
Chris Van Hollen
United States Senator

/s/
Alex Padilla
United States Senator

/s/
Jeffrey A. Merkley
United States Senator

/s/
Tammy Duckworth
United States Senator

/s/
Sheldon Whitehouse
United States Senator

/s/
Jack Reed
United States Senator

/s/
Krysten Sinema
United States Senator

/s/
Brendan F. Boyle
Member of Congress

/s/
Jamie Raskin
Member of Congress

/s/
Gwen Moore
Member of Congress

/s/
Bernard Sanders
United States Senator

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Cory A. Booker
United States Senator

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Mazie Hirono
United States Senator

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Tina Smith
United States Senator

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Richard Blumenthal
United States Senator

/s/
Brian Schatz
United States Senator

/s/
Patrick Leahy
United States Senator

/s/
Joaquin Castro
Member of Congress

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Jimmy Panetta
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Henry C. "Hank" Johnson
Member of Congress

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Jahana Hayes
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Jesús G. “Chuy” García
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Bennie Thompson
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Mary Gay Scanlon
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Grace Meng
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