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IN FOCUS

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Student Loans: A Timeline of Actions Taken in Light of the COVID-19 Pandemic

Since the onset of the COVID-19 national emergency, lawmakers and the U.S. Department of Education (ED) have made available various types of relief for federal student loan borrowers. For most borrowers, these include the suspension of (1) interest accrual, (2) the requirement that borrowers make monthly payments on their loans, and (3) involuntary collections activities, as well as waivers of requirements to qualify for various student loan forgiveness or discharge benefits and the creation of a new broad-based loan cancellation policy. While Congress authorized a subset of these changes for a temporary period, ED has extended some of them numerous times since their initial expiration and has effectuated others.

This In Focus provides an overview of the Higher Education Act (HEA; P.L. 89-329, as amended) Title IV federal student loan programs affected by the COVID-19 pandemic-related relief and a timeline of actions taken by lawmakers or ED authorizing, effectuating, or extending such relief.

HEA Student Loans

HEA Title IV authorizes the operation of three federal student loan programs: the Direct Loan program, the Federal Family Education Loan (FFEL) program, and the Federal Perkins Loan program. New loans are currently authorized to be made only through the Direct Loan program. Previously made FFEL and Perkins Loans remain outstanding, and borrowers remain responsible for repaying them. Approximately $1.6 trillion in HEA Title IV loans, owed by about 45 million borrowers is outstanding.

- **Direct Loan program loans** are held by ED. As of March 31, 2022, about $1.4 trillion in these loans, borrowed by or on behalf of 37.1 million individuals, was outstanding.
- **FFEL program loans** may be held by private lenders, guaranty agencies (GAs), or ED. As of March 31, 2022, about $113.6 billion in these loans was held by private lenders, representing debt for about 4.3 million borrowers; $25.3 billion was held by GAs, representing debt for about 1.1 million borrowers; and about $80 billion was held by ED, representing debt for between 2.7 million and 5.3 million borrowers.
- **Perkins Loan program loans** may be held by institutions of higher education (IHEs) or ED. As of September 23, 2021, IHEs held about $3.4 billion, representing debt for about 1.2 million borrowers, and ED held nearly $1.1 billion, representing debt owed by about 358,000 borrowers.

Loan Relief

The following timeline provides information on selected actions taken by lawmakers and ED to provide relief to federal student loan borrowers during, and at least in part due to, the COVID-19 national emergency. The timeline focuses on relief that primarily addresses ED-held student loans. During the COVID-19 national emergency, ED has taken other student-loan related actions that are seemingly unrelated to the COVID-19 pandemic. Only administrative actions for which ED has explicitly referenced the COVID-19 pandemic are included in the timeline below.

For an in-depth description of relief available to federal student loan borrowers in light of the COVID-19 pandemic, see CRS Report R46314, *Federal Student Loan Debt Relief in the Context of COVID-19*.

2020

- *March 20, 2020*: ED announced that all borrowers of ED-held loans would automatically have their interest rate set to 0% for at least 60 days; each borrower would have the option to suspend their payments for at least two months; and borrowers who were more than 31 days delinquent on their loans as of March 13, 2020 (or who became more than 31 days delinquent thereafter) would automatically have their payments suspended.
- *March 27, 2020*: Congress and the President enacted the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act; P.L. 116-136). The CARES Act suspended interest accrual, monthly loan payments, and involuntary collections on Direct Loan program loans and ED-held FFEL program loans through September 30, 2020. It also specified that suspended payments were to count toward the 120 monthly payments required under the Public Service Loan Forgiveness (PSLF) program, toward the 20- or 25-year repayment periods under the income-driven repayment (IDR) plans, and toward the nine voluntary payments required for individuals to rehabilitate their defaulted loans. Soon thereafter, ED specified that these policies would apply to ED-held Perkins Loans.
- *August 21, 2020*: ED announced, in accordance with a Presidential Memorandum dated August 8, 2020, an extension of the interest, payment, and collections suspensions through December 31, 2020.
- *December 4, 2020:* ED announced an extension of the interest, payment, and collections suspensions through January 31, 2021.

2021

- *January 21, 2021*: ED announced an extension of the interest, payment, and collections suspensions through September 30, 2021.
- *March 29, 2021*: ED announced a suspension, through the end of the COVID-19 emergency, of the requirement that certain borrowers who received a Total and Permanent Disability (TPD) discharge provide subsequent earnings documentation in accordance with the three-year post-TPD monitoring period. ED also announced that TPD loan discharges would be restored for borrowers whose loans were reinstated because they did not submit such earnings documentation between March 13, 2020, and the end of the COVID-19 emergency. ED estimated more than 41,000 borrowers who had $1.3 billion in loans reinstated would have their discharge restored and that 190,000 borrowers in their three-year monitoring period would not be required to submit earnings documentation.
- *March 30, 2021*: ED announced the suspension of interest accrual and involuntary collections on GA-held FFEL program loans, retroactive to March 13, 2020. ED also announced the transfer of some GA-held FFEL program loans that defaulted on or after March 13, 2020, to ED and the placement of such loans in good standing. In effect, this ensured that the transferred loans would be considered held by ED and subject to the interest, payments, and collections suspensions, retroactive to March 13, 2020. ED estimated that up to 1.14 million borrowers would be affected by this action.
- *August 6, 2021*: ED announced an extension of the interest, payment, and collections suspensions through January 31, 2022.
- *August 19, 2021*: ED announced an indefinite extension of the suspension of the requirement that certain borrowers who received a TPD discharge provide subsequent earnings documentation. While ED did not specifically reference COVID-19 in making this announcement, it extends the policy announced March 29, 2021, for which ED did reference COVID-19.
- *October 6, 2021*: ED announced the establishment of the PSLF Limited Waiver. Under the waiver, through October 31, 2022, borrowers may receive PSLF payment credit for, among others, periods of repayment on Direct Loan, FFEL, and Perkins Loan program loans, regardless of whether payments were made according to a nonqualifying repayment plan, late, for less than the amount due, or prior to consolidation into the Direct Loan program. Borrowers with loans not made under the Direct Loan program must apply to consolidate their loan(s) into the Direct Loan program by October 31, 2022, to receive payment credit. Borrowers may also receive PSLF payment credit for periods of economic hardship deferment on or after January 1, 2013; military service deferment; or forbearance for active military state duty or military mobilization.

  As of August 2022, more than 175,000 borrowers have qualified for forgiveness benefits totaling $10 billion as a result of the waiver; more than 1 million borrowers have received additional PSLF payment credit.
- *December 22, 2021*: ED announced an extension of the interest, payment, and collections suspensions through May 1, 2022.

2022

- *April 6, 2022*: ED announced an extension of the interest, payment, and collections suspensions through August 31, 2022. ED also announced that "all borrowers with paused loans" will receive a "fresh start on repayment by eliminating the impacts of delinquency and default and allowing them to reenter repayment in good standing."
- *April 19, 2022*: ED announced the establishment of IDR plan account adjustments to provide credit toward loan forgiveness. Specifically, ED will conduct a one-time revision to the accounts of borrowers with Direct Loan and ED-held FFEL program loans. Borrowers are to receive credit toward the IDR plan loan forgiveness period for any months in which they had time in repayment status, "regardless of payments made, loan type, or repayment plan"; 12 or more months of consecutive forbearance or 36 or more months of cumulative forbearance; months spent in deferment (excluding in-school deferment) prior to 2013; and any time in repayment prior to consolidation. Borrowers with loans that have accumulated time in repayment for 20 or 25 years will receive automatic loan forgiveness, even if they are not currently enrolled in an IDR plan. Borrowers with FFEL program loans not held by ED may qualify for the account adjustment by consolidating their loans into the Direct Loan program before ED completes implementation of the changes, which ED estimates will be no sooner than January 1, 2023. Account adjustments will also apply toward the 120 monthly payments required for PSLF.

  ED estimated several thousand borrowers would receive immediate IDR plan loan forgiveness, more than 3.6 million borrowers would receive at least three years of additional progress toward IDR plan loan forgiveness, and over 40,000 borrowers would receive immediate PSLF program forgiveness under these changes.
- *August 24, 2022*: ED announced it would cancel up to (1) $10,000 per borrower whose annual income during the pandemic was less than $125,000 (for individuals) or less than $250,000 for married couples or heads of household, and (2) an additional $10,000 for those borrowers who meet the above criteria and received a Pell Grant at any point. ED estimated that up to 43 million borrowers would receive some amount of loan cancellation, with about 27 million eligible to receive up to $20,000 in cancellation benefits, and about 20 million having their full outstanding loan balance cancelled.

  ED also announced a "final" extension of the interest, payment, and collections suspensions through December 31, 2022.

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