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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 Department of Education (ED) have provided 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 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 three federal student loan programs: the Direct Loan program, the Federal Family Education Loan (FFEL) program, and the Federal Perkins Loan program. Currently, new loans are only authorized to be made through the Direct Loan program. Previously made FFEL and Perkins Loans remain outstanding, and borrowers remain responsible for repaying them. About $1.6 trillion in Title IV loans, owed by about 45 million borrowers is outstanding.

- **Direct Loan program loans** are held by ED. As of March 31, 2023, about $1.5 trillion in these loans, borrowed by or on behalf of 38.3 million individuals, was outstanding.
- **FFEL program loans** are held by private lenders, guaranty agencies (GAs), or ED. As of March 1, 2023, about $90.4 billion in these loans was held by private lenders, representing debt for about 3.4 million borrowers; $25.0 billion was held by GAs, representing debt for about 1.1 million borrowers; and about $79.4 billion was held by ED, representing debt for between 2.5 million and 5.1 million borrowers.
- **Perkins Loan program loans** may be held by institutions of higher education (IHEs) or ED. As of September 15, 2022, IHEs held about $2.6 billion, representing debt for about 910,000 borrowers, and ED held nearly $1.4 billion, representing debt owed by about 439,000 borrowers.

Loan Relief

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

For an in-depth description of flexibilities 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 it would set the interest rate on all ED-held loans to 0% for at least 60 days, give borrowers of these loans the option to suspend their payments for at least two months, and automatically suspend payments on such loans that were more than 31 days delinquent as of March 13, 2020 (or that became more than 31 days delinquent thereafter).

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 specified that suspended payments were to count toward the 120 monthly payments required under the Public Service Loan Forgiveness (PSLF) program, the 20- or 25-year repayment periods under the income-driven repayment (IDR) plans, and 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 it would restore TPD loan discharges 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 it would restore the discharges of more than 41,000 borrowers who had $1.3 billion in loans reinstated and that it would not require 190,000 borrowers in their three-year monitoring period 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. 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 up to 1.14 million borrowers would be affected.

August 6, 2021: ED announced a "final" 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 extended 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 could receive PSLF payment credit for periods of repayment on Direct Loan, FFEL, and Perkins Loan program loans, regardless of whether payments were made according to a non PSLF-qualifying repayment plan, late, for less than the amount due, or prior to consolidation into the Direct Loan program. Borrowers could also receive PSLF payment credit for certain periods of deferment or forbearance. As of March 31, 2023, about 482,908 borrowers qualified for forgiveness benefits totaling about $32.8 billion as a result of the waiver.

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 or eligible deferment or forbearance status prior to consolidation. Borrowers with loans that have accumulated time in repayment for 20 or 25 years are to receive automatic loan forgiveness, even if they are not currently enrolled in an IDR plan. Borrowers with non-ED-held loans may receive account adjustment benefits by consolidating their loans into the Direct Loan program by the end of 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 a one-time student loan debt relief policy (debt relief policy) to cancel up to (1) $10,000 per borrower whose adjusted gross income in 2020 or 2021 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 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 balance cancelled.

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

November 22, 2022: ED announced an extension of the interest, payment, and collections suspensions through the earlier of 60 days after (1) ED is permitted to implement its debt relief policy, (2) litigation regarding the debt relief policy is resolved, or (3) June 30, 2023.

2023

June 3, 2023: Congress and the President enacted the Fiscal Responsibility Act of 2023 (P.L. 118-5), which specified that the interest and payment suspensions are to no longer be effective 60 days after June 30, 2023.

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