



## **ADVOCATES CALL ON PRESIDENT BIDEN TO FIX THE BROKEN STUDENT LOAN SYSTEM BEFORE RESTARTING STUDENT LOAN PAYMENTS**

*More than 125 Organizations Representing Millions of Students, Workers, People of Color, Veterans, People with Disabilities, and People of Faith Demand Immediate Action to Deliver Promised Debt Relief*

WASHINGTON, D.C. -- Today, more than 125 organizations called on President Biden to fix the broken student loan system and deliver promised student debt relief before tens of millions of borrowers are forced to resume making payments. Due to an executive action taken on inauguration day, student loan payments, interest charges, and debt collection are currently suspended through the end of September. Advocates warned that resuming payments will throw borrowers back into a system plagued by breakdowns, corruption, and abuse, where people were often left paying debts they did not owe or should no longer be paying. A rush to repayment without meaningful action to address the student debt crisis will undermine promises by the President to fix the student loan system and build back better.

**A copy of the letter to President Biden is available here:**

<https://protectborrowers.org/Payment-Pause-Letter/>

In March 2020, President Trump signed the CARES Act, pausing student loan payments and suspending interest charges for tens of millions of student loan borrowers – a set of protections extended via executive actions taken in [August](#), [December](#), and [January](#). These protections are set to expire with payments to resume for federal student loans on October 1, 2021.

Before the pandemic struck, tens of millions of borrowers struggled to navigate a badly broken student loan system. America's student debt crisis wreaked havoc on the financial lives of families across the country, despite payment relief and debt forgiveness programs that promised that these debts would never be a life-long burden. The Biden Administration must repair the damage caused by decades of government mismanagement and industry abuses

before borrowers are forced back into the broken student loan system.

There is a broad consensus among borrowers, advocates, industry, regulators, enforcement officials, and lawmakers that a rush to resume student loan payments is a recipe for disaster, absent significant structural reforms and real, immediate relief, including debt cancellation.

## **BACKGROUND**

On January 21, 2021, President Biden issued an executive action pausing student loan payments, suspending interest charges, and halting debt collection for all student loans owned by the federal government through the end of September 2021. This action continued a pause in student loan payments first initiated by President Trump in March 2020, codified by Congress via the CARES Act, and extended via prior executive actions in August and December 2020. No student loan borrower with a federally-held loan has been required to make a student loan payment since March 2020.

However, the existing payment pause is also incomplete. [More than 9 million](#) student loan borrowers have been excluded from all federal student loan debt relief programs enacted since the start of the COVID-19 pandemic. Lawmakers from both parties have introduced [legislation](#) to [address](#) the borrowers left out from the suspension, and advocates have [called on](#) the Biden Administration to take immediate executive action to extend protections for these borrowers.

Throughout the history of the federal student loan system, borrowers, including servicemembers, public service workers, defrauded borrowers, people with disabilities, and people with low incomes, have failed to benefit from programs intended to protect them from severe financial hardship. Across the country, millions of these borrowers are forced to shoulder debts that should have been canceled under the law.

The burden of student debt and the costs of our broken student loan system fall disproportionately on Black and Brown borrowers— those who, as a result of centuries of racially discriminatory policies and practices that created and sustain the racial wealth and income gaps, most often lack the familial wealth necessary to avoid taking on student debt. A growing body of evidence also demonstrates that these borrowers disproportionately miss out on existing avenues for debt relief enacted by Congress.

Advocates, including many of the organizations signed on to the letter, have called for the Biden Administration [to immediately deliver relief for these borrowers](#) as part of a comprehensive effort to reform the student loan system.