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

In light of the COVID-19 national emergency, lawmakers and the Department of Education (ED) provided various types of relief for federal student loan borrowers. For most borrowers, the primary debt relief was the suspension of (1) interest accrual and (2) the requirement that borrowers make monthly payments on their loans, both of which were available from March 13, 2020, to September 1, 2023 (the suspension period). Other debt relief included the suspension of involuntary collection activities, waivers of requirements to qualify for various student loan forgiveness or discharge benefits, and the creation of a broad-based loan cancellation policy, the latter of which was struck down by the Supreme Court. While Congress authorized a subset of these changes for a temporary period, ED extended some of them numerous times since their initial expiration and effectuated others.

This In Focus summarizes the Higher Education Act (HEA; P.L. 89-329, as amended) 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

The HEA authorizes 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 only authorized to be made through the Direct Loan program. Previously made FFEL and Perkins Loans remain outstanding. (All data in this section are based on CRS analysis of Office of Federal Student Aid Data Center, “Federal Student Aid Portfolio Summary.”)

The amount of outstanding federal student loan debt and number of loan recipients potentially affected by the relief described in this In Focus fluctuated during the suspension period. At the beginning of the period, about \$1.5 trillion in federal student loan debt was outstanding, borrowed by or on behalf of 42.6 million individuals. At the end, about \$1.6 trillion in such debt was outstanding, borrowed by or on behalf of 43.4 million individuals.

In general, the debt relief described in this In Focus was available only for student loans held by ED. All Direct Loans (comprising 88% of outstanding federal student loan debt as of the end of the suspension period) are held by ED. FFELs (comprising 12% of outstanding federal student loan debt) may be held by private lenders, guaranty agencies (GAs), or ED. Perkins Loans (comprising less than 1% of outstanding federal student loan debt) may be held by institutions of higher education or ED.

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. Only administrative actions for which ED explicitly referenced the COVID-19 pandemic are included in the timeline.

For an in-depth description of COVID-19 related student loan flexibilities, 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 starting March 13, 2020.

March 27, 2020: Congress and the President enacted the Coronavirus Aid, Relief, and Economic Security Act (P.L. 116-136). The act suspended interest accrual, monthly loan payments, and involuntary collection 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 maximum 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 these policies would also 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 collection suspensions through December 31, 2020.

December 4, 2020: ED announced an extension of the interest, payment, and collection suspensions through January 31, 2021.

2021

January 21, 2021: ED announced an extension of the interest, payment, and collection 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 during a three-year post-TPD monitoring period. ED stated it would restore TPD loan discharges for borrowers whose loans were reinstated because they did not submit such 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 collection 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, payment, and collection 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 collection 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. This was an extension of the policy announced March 29, 2021, for which ED referenced COVID-19.

October 6, 2021: ED announced the establishment of the PSLF Limited 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 considered non-qualifying under PSLF. Borrowers could also receive PSLF payment credit for certain periods of deferment or forbearance. As of June 30, 2023, about 647,000 borrowers had PSLF waivers processed, with forgiveness benefits totaling about \$44.6 billion.

December 22, 2021: ED announced an extension of the interest, payment, and collection suspensions through May 1, 2022.

2022

April 6, 2022: ED announced an extension of the interest, payment, and collection suspensions through August 31, 2022. ED also announced that “all borrowers with paused loans” would 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 under which it 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, at least 12 of consecutive forbearance or at least 36 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 enrolled in an IDR plan. Account adjustments will also apply toward the 120 monthly payments required for PSLF. ED expects to complete the account adjustment by September 1, 2024.

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: Invoking the HEROES Act of 2003, 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), and (2) an additional \$10,000 (for a total of up to \$20,000) for those borrowers who met the above criteria and received a Pell Grant at any point. The administration 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 collection suspensions through December 31, 2022.

November 22, 2022: ED announced an extension of the interest, payment, and collection suspensions through the earlier of 60 days after (1) ED was permitted to implement its debt relief policy, (2) litigation regarding the debt relief policy was 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 would no longer be effective 60 days after June 30, 2023.

June 30, 2023: The Supreme Court ruled that ED’s debt relief policy exceeded its authority under the HEROES Act; thus, the policy was not implemented.

September 1, 2023: The interest accrual and payment suspension ended. In September 2023, borrowers began receiving bills with their payment amounts and due dates at least 21 days before the due date.

October 2023: Most borrowers’ first payments following the payment suspension were due in October 2023.

October 1, 2024: Involuntary collection on defaulted loans is set to resume on this date.

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