

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

June 24, 2021

President Biden:

Tens of millions of student loan borrowers are slated to resume making student loan payments on October 1, 2021. We, the undersigned 128 organizations representing millions of students, student loan borrowers, workers, people of color, veterans, people with disabilities, people of faith, consumers, and many others, are writing to urge you to extend the pause on student loan payments until your administration has delivered on the promises you made to student loan borrowers to fix the broken student loan system and cancel federal student debt.

The U.S. Department of Education holds \$1.4 trillion in federal student loans, making the United States one of the largest holders of consumer debt in the world. Payments on these loans have been paused since March 2020, during which time interest charges have also been suspended and the federal government has halted collection efforts against borrowers in default.

The student loan payment pause has been one of the most important investments the federal government has made in Americans' financial lives in a generation—a recognition that the inadequacies of the existing student loan safety net could not protect families in the midst of an economic and public health crisis.

For the first time, millions of student loan borrowers find themselves with the financial resources they need to make ends meet each month. Millions of others have been able to use this financial lifeline to pay down other debts, save for down payments on homes, or plan for retirement.

You ran for president on the promise that you would reform the student loan system to ensure that student debt would not be a lifelong burden and that student loan payments would be affordable for those in repayment. You further promised that your administration would cancel a significant amount of student debt—including by providing broad-based cancellation for all borrowers as well as clearing the books of all debts owed by borrowers defrauded by for-profit schools, borrowers who are totally and permanently disabled, and borrowers who have worked in public service for a decade or more.

It is critical that your administration deliver on these promises made to student loan borrowers and their families before ending the pause in payments and collections.

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. Your administration now has a once-in-a-generation chance to repair the

damage caused by policy failures at the federal and state level and decades of government mismanagement and industry abuses — an opportunity and an obligation that must be fulfilled before any action is taken to resume monthly student loan payments.

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 decades 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.¹ A growing body of evidence also demonstrates that these borrowers disproportionately miss out on existing avenues for debt relief enacted by Congress.²

Each day, we are met with new evidence that the student loan system is unable to meet the needs of student loan borrowers and our country. For example, this year alone:

- The Government Accountability Office found that the Public Service Loan Forgiveness program, which was established nearly fourteen years ago, has only cancelled the loans of 124 members of the military, even as hundreds of thousands of borrowers have served.³
- The National Consumer Law Center received data through FOIA showing that, as of January 2021, only 32 borrowers had successfully navigated the IDR repayment plans and received cancellation, out of more than 4 million with decades-old debts.⁴
- The government has identified more than 500,000 people with disabilities who are eligible to have their debts immediately cancelled based on data provided by the Social Security Administration to the Education Department.⁵ Instead, they face the looming prospect of another student loan bill.
- The Education Department acknowledged a backlog of nearly 150,000 applications for Public Service Loan Forgiveness-- borrowers who may be forced to pay a student loan bill as they remain stuck in the government's red tape.⁶

¹ <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>

² <http://protectborrowers.org/wp-content/uploads/2020/12/Delivering-on-Debt-Relief.pdf#page=10>;
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3712516

³ https://www.gao.gov/products/gao-21-65?utm_medium=social;
https://files.consumerfinance.gov/f/documents/201710_cfpb_Frotman-Remarks-JAG-School.pdf
 (“...more than 200,000 servicemembers collectively owe more than \$2.9 billion in student debt.”)

⁴ <https://protectborrowers.org/idr-brief/> .

⁵ https://www.nclc.org/images/pdf/student_loans/TPD_Regs_Ltr.pdf; See also
<https://oig.ssa.gov/sites/default/files/audit/summary/pdf/A-06-17-50281Summary.pdf>

⁶ <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2021-06-14/federal-student-aid-posts-two-new-quarterly-portfolio-reports-fsa-data-center-and-highlights-recent-changes-public-service-loan-forgiveness-ea-id-general-21-40>

- The Education Department also acknowledged a backlog of more than 100,000 applications for Borrower Defense discharges-- the number of unprocessed claims for debt relief due to fraud by a school have climbed by more than 20,000 during the first months of the Biden administration.⁷

These are just a few recent examples of how the student loan system is failing borrowers entitled to immediate debt relief under the law. The prospect of a hasty and reckless return to repayment should be cause for alarm.

That is because the companies responsible for managing this transition and the system itself have repeatedly proven unable to avoid widespread failures even when performing basic functions. For example, in two separate scandals at the height of the pandemic, the Education Department and its student loan contractors improperly garnished the wages of hundreds of thousands of people and damaged the credit reports of nearly five million others.⁸

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 and will result in widespread confusion and distress for student loan borrowers. Before resuming payments on student loans, the Department of Education must undertake significant structural reforms, provide real, immediate relief, and cancel a significant amount of federal student debt. This will ensure that millions of borrowers don't remain trapped in a broken system just as the economy begins to recover.

For the reasons outlined above, we strongly urge you to take immediate action to extend the current pause on student loan payments. We look forward to supporting your administration as you take this necessary action and work to deliver on the promises made to student loan borrowers across the country.

Sincerely,

Student Borrower Protection Center
Adasina Social Capital
AFT- VT
Affordable Homeownership Foundation Inc
Alaska PIRG
Alliance for Youth Action
American Association of University Professors
American Baptist Home Mission Society
American Civil Liberties Union
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers
American Psychological Association

⁷ <https://studentaid.gov/data-center/student/loan-forgiveness/borrower-defense-data>

⁸ <https://www.studentloanborrowerassistance.org/lawsuit-against-devos-ends-fight-for-defaulted-borrowers-continues/>; <https://protectborrowers.org/the-student-loan-industry-failed-borrowers-during-the-pandemic-even-more-than-we-knew-the-biden-administration-must-act/>

Americans for Financial Reform
Association of Young Americans (AYA)
Bend the Arc: Jewish Action
Blue Future
California Alliance for Consumer Education (CACE)
California Association of Nonprofits
Californians for Economic Justice
CAMEO - California Association for Micro Enterprise Opportunity
Campaign for America's Future
Campus Action for Democracy
Carolina Jews for Justice
Center for Economic Integrity
Center for LGBTQ Economic Advancement & Research (CLEAR)
Center for Responsible Lending
Chapter 335 NTEU
Charlotte Center for Legal Advocacy
Chicago Consumer Coalition
Chicago Foundation for Women
Columbia Consumer Education Council
Community Service Society of New York
Consumer Federation of America
Consumer Federation of California
Consumers for Auto Reliability and Safety
Council on Social Work Education
Debt Collective
Debt-Free MD, Inc. (Maryland)
Economic Mobility Pathways (EMPath)
Faith in Action
Forward Montana
Fossil Fuel Divest Harvard
Fosterus
Greenpeace US
HBCU Collective
Hildreth Institute
Hope Center for College, Community, and Justice at Temple University
Housing and Economic Rights Advocates
Indivisible
Investor Advocates for Social Justice
Jain Family Institute (JFI)
JANUS LLC
Kentucky Center for Economic Policy
League of United Latin American Citizens
Legal Action Chicago
Legal Aid at Work

Legal Aid Foundation of Los Angeles
Maine Center for Economic Policy
Maryland Consumer Rights Coalition
Massachusetts Affordable Housing Alliance
Media Voices for Children
Minority Veterans of America
Mississippi Center for Justice
Mobilization for Justice
NAACP, Youth & College
NASW-CA
NASW-NM
National Action Network
National Association of Consumer Advocates
National Association of Graduate-Professional Students
National Association of Pediatric Nurse Practitioners
National Association of Social Workers
National Consumer Law Center (on behalf of its low-income clients)
National Disability Rights Network (NDRN)
National Education Association
National Equality Action Team (NEAT)
National League for Nursing
National Young Farmers Coalition
Navigate Student Loans
New Era Colorado
New Hampshire Youth Movement
New Jersey Citizen Action
New Mexico Crisis and Access Line
New York Public Interest Research Group (NYPIRG)
NextGen California
Nonprofit Professional Employees Union, IFPTE Local 70
OCA - Asian Pacific American Advocates
Ohio Student Association
Our Revolution
Partnership for College Completion
People's Parity Project
Physician Assistant Education Association
Progressive Change Campaign Committee
Project on Predatory Student Lending
Public Citizen
Public Counsel
Public Good Law Center
Public Higher Education Network of Massachusetts (PHENOM)
Public Justice Center
Public Law Center

Rachel Carson Council
Rise
San Francisco Office of Financial Empowerment
SEIU Local 500
SEIU Local 509
Service Employees International Union (SEIU)
Sisters of St. Francis of Philadelphia
Southern Echo Inc.
SparkAction
Student Action
Student Debt Crisis
The Arc of the United States
The Education Trust
The Forum for Youth Investment
THE ONE LESS FOUNDATION
Tzedek DC
UnidosUS
United Church of Christ, Justice and Local Church Ministries
Unity Fellowship of Christ Church
University of California Graduate & Professional Council
University of California Student Association
UnKoch My Campus
VOCAL-NY
Voices for Progress
Women Employed
Young Invincibles
Zero Debt Massachusetts