

NCLC Advocate Applauds the Biden Administration Extension of the Pause on Federal Student Loan Payments, but More Needs to Be Done

December 22, 2021

In response to the Biden Administration extending the pause on federal student loans payment until May 1, 2022, **Abby Shafroth, interim director of the National Consumer Law Center's Student Loan Borrower Assistance Project**, issued the following statement:

"Today's announcement means that over the holidays, struggling student loan borrowers will not be forced to choose between paying student loans and paying for rent, medicines, childcare, and other necessities. Restarting federal student loan payments on February 1 would have been a disaster for millions of low-income borrowers across the country, borrowers who are disproportionately women and people of color. These borrowers have not yet recovered from the pandemic, and their future looks even more uncertain as the impact of the Omicron variant and increasing inflation threatens to further destabilize their finances. Today's announcement means that these borrowers will not face the devastating collection practices the U.S. Department of Education deploys after a borrower defaults—including seizure of Child Tax Credit and Earned Income Tax Credit payments in tax refunds and siphoning money directly from paychecks and Social Security benefits on February 1, 2022. We hope that the Department and the remaining student loan servicers will take this opportunity to take meaningful steps to fix the student loan system before it is turned back on.

"While we celebrate this announcement, there is still much work to be done in fixing the broken federal student loan system. The Department should proceed with Operation Fresh Start and provide immediate relief to borrowers in default by removing their accounts from default - providing a fresh start to 7 million borrowers with loans in default across the country. In addition, we urge President Biden to act now to cancel a portion of all federal student loan borrowers' debt to prevent the student loan crisis from continuing to balloon."