



Student loan debt is a \$1.6 trillion weight [burdening 22% of all American families](#). In 2019 alone, more than [1.25 million federal student loan borrowers defaulted](#) on their Direct Loans. Because of persistent structural inequities and discrimination, student loans [burden Black and Latinx borrowers more](#) than other groups. Bold action is necessary to address this racial injustice and to respond to the COVID-19 pandemic.

More must be done to ensure that the problem of student debt does not upend Americans at this critical time. Student debt cancellation, which will [stimulate the economy](#)—boosting GDP by billions of dollars, reducing the unemployment rate, and adding up to 1.5 million new jobs—is a key solution.

CONGRESS AND PRESIDENT-ELECT BIDEN MUST:

- **Provide widespread student loan debt cancellation on Day One of the Biden Administration.** The President should use executive authority to order the broad-based cancellation of federal student loan debt [that he promised](#). Broad-based debt cancellation is [the most efficient and effective way](#) to ensure that all borrowers will receive the relief they need.
- **Immediately extend the student loan payment suspension until at least September 2021 and expand it to include all federal student loans.** The payment suspension should also be expanded to deliver relief to the millions of federal loan borrowers whose Perkins and commercially-held FFEL loans were [left out of the CARES Act](#). Extending the payment suspension will protect borrowers in default from [wage garnishment](#), [Social Security offsets](#), and [tax refund offsets](#).
- **Stop seizing safety net funds to repay defaulted student loans.** Anti-poverty programs, including the [Earned Income Tax Credit](#), [the Child Tax Credit](#) and [Social Security benefits](#) are critical to help families weather the financial impact of COVID-19. Moreover, when the government takes borrowers' wages, benefits, and tax refunds, it usually takes significantly more than the borrower would have owed under an income-driven repayment plan. All involuntary collection must cease until vital safety nets are protected and Congress or the Secretary of Education can ensure [common-sense limits](#) are placed on the government's collection powers.
- **Make it easier to [discharge student loans](#) in bankruptcy, giving borrowers the same fresh start opportunity as other consumers.** Congress should [restore bankruptcy protections](#) for student loan borrowers. and until then, [the U.S. Secretary of Education should stop challenging](#) borrowers' petitions for undue hardship and also stipulate to discharge of debts.
- **Restore and [enhance strong Borrower Defense and Gainful Employment protections](#).** Borrowers who were ripped off by predatory schools should receive relief without further delay. Abuse and fraud must be rooted out [to protect current and future students](#).

The National Consumer Law Center's [Student Loan Borrower Assistance Project](#) provides information about student loan rights and responsibilities for borrowers and advocates. We also seek to increase public understanding of student lending issues and to identify policy solutions to promote access to education, lessen student debt burdens, and make loan repayment more manageable.

The nonprofit National Consumer Law Center® (NCLC®) works for economic justice for low-income and other disadvantaged people in the U.S. through policy analysis and advocacy, publications, litigation, and training.