

Biden gives reprieve for student loans, but borrowers want permanent relief

By **Haley Fuller** Globe Correspondent,
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Early this month, student loan borrowers thanked President Biden for extending the student loan pause and asked for a cancellation of student debt. PAUL MORIGI/GETTY IMAGES FOR WE, THE 45 MILLION

While others sipped eggnog or relaxed with their families, Andrea Madden, 37, spent much of the holidays in a blind panic about the \$180,000 she owes in federal student loans.

The Biden administration had announced months earlier that its temporary pandemic pause on loan repayment would end in January, a deadline that loomed menacingly for Madden, who suddenly lost her job as a marketing strategist in November.

When President Biden handed out another reprieve on Dec. 22, pushing the deadline back 90 days to May 1, Madden felt relief, but also a familiar sense of uncertainty. The loan payments are delayed for now, but with her 401k cashed out to pay her bills and still no prospect of a job, that pause isn't enough for Madden to be able to actually relax or plan for her future.

“I jokingly say that unless I get hit [and killed] by a bus, I’m never going to pay these loans off,” said Madden, whose \$225 monthly debt payment stems from her undergraduate days at Monmouth College and attempts to obtain a master’s degree at several for-profit universities. “It’s a constant state of anxiety, and it basically has put me in limbo.”

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The pause on federal student loan repayments, which Congress authorized in 2020 to help borrowers during pandemic-related economic disruption, has been extended five times under Presidents Trump and Biden, each time eliciting a sigh of relief from many of the millions of borrowers nationwide who are benefiting from it.

The extensions have provided a temporary lifeline, but they have still left many borrowers dreading each new repayment deadline and eager for Biden to take more sweeping action to provide them permanent relief, as he promised to do on the campaign trail.

The student debt crisis predates the pandemic, and many of the 43 million people carrying federal student loan debt will not be able to make payments even when COVID is no longer negatively affecting the economy. More than half of federal student loan borrowers were in default, deferment, or not paying their loans for other reasons before the pandemic began, according to data from the Department of Education. [One poll](#) conducted by the nonprofit Student Debt Crisis Center found that nearly 90 percent of fully employed borrowers said they would not be able to resume payments if they were to restart in February.

Advocates are putting pressure on Biden to deliver on his promise to forgive at least \$10,000 worth of student loan debt per person, while some lawmakers and activists are pushing him to bring relief to borrowers by canceling up to \$50,000 using his executive power.

Some who have benefited from the pause told the Globe they appreciate the breathing room in their budgets for now, but are concerned they won’t be able

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to make the payments when they resume in May.

For almost two years, Jill Santola, 57, hasn't had to worry about buying groceries or paying bills on top of the student loan payments she took out to help her two children go to college. But with the pause scheduled to end in a few months, she's concerned about having to overhaul her monthly budget.

Santola took out about \$75,000 in loans, and due to high interest rates, she still owes the same amount after paying around \$30,000. The Clarkston, Mich., resident said she could have retired four years ago and started collecting the pension she has earned as a teacher, but she continues working in order to pay off the loans.

Over the past 10 years, she has written to three presidents and their vice presidents, as well as her representatives in Congress, seeking help. Yet her loans remain a "prison sentence" because no matter what she does, it will be nearly impossible to pay them off.

"I felt like I finally had a chance to breathe for a little while, and with the payments coming due again, I have a lot of anxiety," Santola said.

Massachusetts lawmakers are leading the charge on Capitol Hill to push Biden to permanently cancel some student loans. Senator Elizabeth Warren and Representative Ayanna Pressley have [co-sponsored resolutions](#) in their respective chambers calling on Biden to relieve up to \$50,000 of student loan debt per borrower. More than 80 members of Congress support the resolution, including Senator Ed Markey of Massachusetts.

Biden has said he does not believe he has the authority to cancel that much debt without legislation from Congress, and experts disagree about whether such a move would be legal.

At a virtual town hall about student debt on Thursday that included Senate majority leader Chuck Schumer, Pressley praised Biden for the extension of the pause and argued it set the groundwork for more sweeping executive action.

"It was a policy choice, one that recognized the crushing burden this debt was having on millions of workers and families in the midst of this ongoing pandemic," Pressley said at the town hall. "Now, in less than 100 days, the Biden administration has another opportunity to stand on the right side of history, and to cancel \$50,000 in student debt with the mere stroke of a pen."

That move would erase student debt for nearly 84 percent of borrowers, or more than 36 million people, according to April 2021 [data from the US](#)

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[Department of Education](#). In Massachusetts alone, more than 900,000 people owe around \$31 billion in student debt, and canceling \$50,000 in debt would erase the debt for more than 80 percent of those borrowers, Warren said.

“The payment pause has given people a taste of what it’s like to be debt-free on student loans,” Warren said. “We need to make that permanent for millions of people across this country.”

While Democrats push for cancellation, there is some bipartisan momentum around a different piece of legislation called the [FRESH START Through Bankruptcy Act](#). This bill would change current law to allow federal loans to be discharged in bankruptcy proceedings 10 years after the first payment is due or in cases of undue hardship.

Warren, who is not a sponsor of that bill, declined to comment on whether she would support it, saying she is committed to cancellation as the way to relieve borrowers of the country’s collective \$1.7 trillion in student debt.

“I am not going to negotiate against myself,” Warren said. “We need the president to cancel \$50,000 in student loan debt.”

But it seems unlikely Biden will use his executive power to cancel any amount of student loan debt any time soon. During his Jan. 19 press conference, Biden dodged a question about his campaign promise to cancel loans. Additionally, his December 2021 statement announcing the payment pause’s extension asked borrowers to “do their part” by using resources from the Department of Education to prepare for repayment.

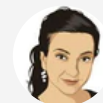
For some people with student loan debt, the pause has done what it was intended to do — provide temporary relief during a time of economic upheaval. Christopher Gaunya, who lives in Florence, Mass., was grateful for the pause in his monthly \$670 student loan payment after he was laid off in 2020. Now that he found a new job with the Veterans Health Administration, he felt able to resume his student loan payments in February. The pause’s extension, however, is giving the 59-year-old more time to prepare for repayment.

For others, the pause has allowed for a temporary lifestyle upgrade. Barbara Lucci, a 57-year-old resident of Worcester, Mass., has been able to spend the \$166 that would usually go to paying off her \$63,000 loan from graduate school on other expenses over the past two years. While her monthly student loan payment is relatively low — [the average is \\$461](#) — Lucci has been able to go out to dinner once a week and take horseback riding lessons, in addition to covering the rising costs of her prescription medication.

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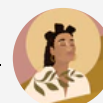
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“Having that money, for me, it just adds a quality of life that I wouldn’t have without it,” she said.

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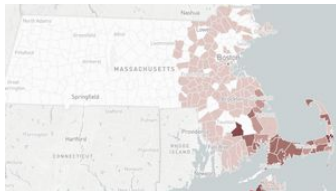
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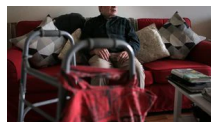


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