Working Paper:

The Nine (or more?) Lives of the Student Loan Payment Pause

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Beginning in late March of 2020 and continuing through at least early 2023, most student loan borrowers have benefited from a "pause" on payments. While this policy action provides a benefit of forbearance with zero interest accrual for federal student loan borrowers, it comes at a taxpayer cost of at least $5 billion per month. We examine the history, costs, and distributional implications of the temporary benefit, documenting the pause's progression through nine extensions, its relation to concurrent student loan policy development, and ultimately how it came to be tethered to the disposition of the proposed executive action to forgive many student loan obligations. Further, while we find that the pause provides relief for some families facing excessive debt burdens, the distributional impacts of a blanket extension of the payment pause are unequivocally regressive as large benefits accrue to many relatively high-income borrowers. Our estimates from the Survey of Consumer Finances identify that payment pause provides more than 65 percent of the benefit to families with incomes greater than $75,000, despite these borrowers accounting for only 46 percent of households with federal student loans. Finally, we consider the potential impact the pause has had on borrower expectations and discuss its broader implications for postsecondary education and existing loan forgiveness policies.

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A great deal has changed since March 2020 when executive and Congressional action paused payments on most student loans. While the unemployment rate spiked to 14.7% in April of 2020, it has receded dramatically to levels below 4% since December of 2021; inflation has climbed from an average of 1.2% in 2020 to a peak over 9% in June of 2022. Yet, following nine extensions, the payment pause on student loans remains in place at an approximate direct cost of $5 billion per month.

And, right before Thanksgiving 2022, the Secretary of Education announced a further extension, potentially to August 2023, depending on the outcome of judicial action.[1] The student loan payment pause is now tethered to the disposition of the proposed executive action to forgive many student loan obligations, which has been suspended by court order since October 24th and is now before the Supreme Court. Justices will hear the case on February 28.

The student loan payment pause and loan forgiveness by executive action have strikingly different distributional impacts. While the White House claims that nearly 90% of the relief provided under the forgiveness plan would go to families with incomes less than $75,000, the payment pause provides more than 65% of the relief to families with income greater than $75,000. In fact, households in the top two earnings deciles receive nearly 30% of the benefit while only accounting for 16.2% of families with federal student debt.

How did an emergency measure instituted at the peak of the pandemic become a political bridge to loan forgiveness? What does the pause in student loan payments cost? How are the benefits distributed?

The across-the-board payment pause on federally-held student loans disproportionately benefits the most affluent borrowers. Continuing the payment pause without means-testing its benefits leads to ballooning costs for taxpayers. Still, in the absence of some payment relief, approximately 12% of families, with these families disproportionately low- and moderate-income, have payment-to-income ratios greater than conventional metrics for excessive student debt burden.

[1] The specific announcement by the Department of Education, which moved the deadline from December 31, 2022, reads: "The extension will alleviate uncertainty for borrowers as the Biden-Harris Administration asks the Supreme Court to review the lower-court orders that are preventing the Department from providing debt relief for tens of millions of Americans. Payments will resume 60 days after the Department is permitted to implement the program or the litigation is resolved, which will give the Supreme Court an opportunity to resolve the case during its current Term. If the program has not been implemented and the litigation has not been resolved by June 30, 2023 – payments will resume 60 days after that."

If these borrowers do not understand the likelihood that both the payment pause and the promise of partial loan forgiveness could end with an adverse Supreme Court ruling in early 2023, they are at risk of facing significant negative financial impacts. Moreover, the reliance on the payment pause may have made other avenues of relief (including Borrower Defense to Repayment claims and relief under Income Driven Repayment plans) less salient for the most vulnerable borrowers.

"History": Nine Going on Ten Lives of the Student Loan Repayment Pause

The student loan payment pause began March 13, 2020 with President Trump using executive authority to waive interest on all government held student loans, effectively allowing penalty-free forbearance. The initial presidential announcement did not cite specific authorizing language, though the declaration of the COVID-19 pandemic provided a broad rationale for action (Congressional Research Service, 2021).

When Congress passed COVID-specific relief legislation at the end of March of 2020 under the heading Coronavirus Aid, Relief and Economic Security (CARES) Act, it included language which required the Secretary of Education to suspend payments on designated student loans until September 20, 2020.[2] As these provisions were not extended by Congress in the summer of 2020, President Trump used executive action to direct Secretary of Education Betsy DeVos to further extend the payment pause until December 31, 2020. Subsequently, President Trump issued a payment pause extension to January 31, 2021. These actions cited the Higher Education Relief Opportunities for Students (HEROES) Act of 2003 which amended the Higher Education Act of 1965 to provide executive authority to "grant waivers or relief" to recipients of federal financial aid in connection with "a war or other military operation or national emergency."[3]

While the use of the HEROES Act to pause student loan payments in 2020 went unchallenged, a larger question around the HEROES Act was whether it also provided executive authority to cancel student loan debt. Concurrently, with the Democratic primary (and presidential election) of 2020, student loan forgiveness became a campaign issue. For example, Senator Bernie Sanders called for canceling "all student loan debt for the some 45 million Americans who owe

[2] The language under section 5313 also required the suspension of debt collection on defaulted loans and suspended interest accumulation on these loans (Congressional Research Service, 2021).
[3] The law, which was signed into law by President George W. Bush on January 15, 2002 during the post-9/11 military action, was initially extended in 2003 and 2005, before permanent adoption in 2007.

about $1.6 trillion…" For Senator Elizabeth Warren, the call for canceling student loan debt was articulated early in her campaign and well-before the start of the pandemic, with a plan released in April of 2019 calling for "the cancellation of up to $50,000 in student loan debt for 42 million Americans." Now-President Biden presented a plan for student debt cancellation in April 2020 which was more constrained and limited full debt forgiveness to low- and middle-income borrowers who had attended public institutions, along with HBCUs. In addition, as the Democratic nominee, President Biden proposed to "immediately cancel a minimum of $10,000 of student debt per person, as proposed by Senator Warren in the midst of the coronavirus crisis."

Among his first acts in office on January 21, 2021, President Biden extended the student loan repayment pause using the HEROES Act authority until August 31, 2021. In August of 2021, the payment pause was extended until January 31, 2022, with this billed as the "final" extension. Then, in December 2021, the payment pause was extended until May 31, 2022. Yet, again, the payment pause was extended until September 31, 2022. Alongside the question of the appropriate duration of the payment pause, the Biden administration faced the larger political (and legal) question of whether to attempt to use the HEROES Act to cancel some amount of student debt.

The issues of the student loan payment pause and debt forgiveness were "married" with the August 24, 2022 announcement of executive action to discharge student debt and a "final" extension of the payment pause until December 31, 2022. Despite the introduction of five lawsuits challenging loan forgiveness following the announcement, the application for loan forgiveness opened on October 17th. While there was an extensive effort to generate "application" for debt relief by the Department of Education, two of six filed lawsuits have effectively halted the program. On October 21st, the 8th Circuit Court of Appeals in St. Louis placed a temporary hold on the program, while the Department of Education continued to encourage applications. On November 10th, however, a federal judge in Texas blocked the loan forgiveness policy, and the 8th Circuit Court of Appeals in St. Louis followed with an injunction on November 14th. The Biden Administration has since stopped accepting applications for loan forgiveness, but has pre-emptively "approved" many existing applications and communicated this to borrowers.[4]

[4] In November, the Department of Education sent an email to many borrowers who had completed the online application under the signature of Secretary Cardona which included: "We reviewed your application and determined that you are eligible for loan relief under the Plan. We have sent this approval on to your loan servicer. You do not need to take any further action." While the communication does acknowledge the lawsuits which have

While the Supreme Court rejected two early requests to block loan forgiveness,[5] the Court agreed at the start of December to hear the case from the 8th Circuit on expedited basis (likely in February or March).   In addition, the 5th Circuit Court declined to overturn the ruling of a federal judge in Texas which ruled the forgiveness program unlawful, essentially vacating the program.

With forgiveness suspended and the re-start of payments approaching, an announcement on November 22 pushed the deadline to 60 days after July 31, 2023, or with the resolution of the court action. While there were few questions about the legal status of the payment pause at the height of the COVID-19 pandemic, questions about the legality, cost and distributional implications of the extension have received greater scrutiny. The legal questions, as summarized by a 2021 Congressional Research Service report, tie to the interpretation of the language of the HEROES Act, the process of its implementation and whether a "national emergency" remains in effect. The legal standing of payment pause extensions under the HEROES Act is not unassailable, but this is ultimately a question for the courts. That said, there are notable parallels with the Supreme Court ruling in August of 2021 (Alabama Association of Realtors, et al. vs Department of Health and Human Services, et al.) which struck down the continuation of a moratorium on evictions from executive action rather than the legislative process.

How Much does the Student Loan Payment Pause Cost?

Government sources such as the Department of Education, Congressional Budget Office (CBO), and Office of Management and Budget (OMB), along with independent policy organizations have provided cost estimates of the student loan payment pause. Reconciling these estimates requires articulation of the impact of the payment pause on the federal budget along with other economic indicators.

Available government measures have recorded the pause on financial statements as "loan modifications" – essentially the cost of forbearance with zero interest accrual. Financial statements from the Department of Education place these costs of forbearance at $41.9 billion for Fiscal Year 2020 and $53.1 billion for Fiscal Year 2021 (Department of Education, p. 19). The total indefinite

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blocked immediate discharge of debt, a face value reading of the communication might give readers the impression that the lawsuits are likely to be dismissed – "We believe strongly that the lawsuits are meritless, and the Department of Justice has appealed on our behalf."

[5] Associate Justice Comey Barrett rejected without comment appeals from two different cases from the 7th District (one from a Wisconsin group and a second from Indiana borrowers).

appropriations provided in Fiscal Year 2020 and Fiscal Year 2021 for student loan payment deferrals was $98.4 billion (Department of Education, p. 11).

This estimate is consistent with baseline projections from the Congressional Budget Office (CBO) published in May of 2022. The CBO estimated the costs of COVID-19 federal student loan payment relief to be $41.9 billion in 2020 and $55.9 billion in 2021, a total of about $97.8 billion for the two fiscal years. The analysis also projected a cost of $15 billion for the extension of the payment pause through May 1, 2022, totaling $112.8 billion from March 2020 to May 2022 (Congressional Budget Office, pg. 6). A subsequent letter from the CBO, released in August 2022, projected that the 4-month extension of relief from August 2022 to December 2022 would cost an additional $20 billion.

Projections from the Department of Education and Congressional Budget Office both adhere to the requirements of the Federal Credit Reform Act of 1990 (FCRA). Under the FCRA accounting procedures, the costs of student loans are dependent on the year in which the loan is disbursed, and the present values of future cash flows on the loan is discounted based on treasury rates. The cost estimates from these agencies are the present value of foregone payments on loan balances, interest, and involuntary collections, such as deductions from a borrower's benefits or wage garnishment.

In July of 2022, the Government Accountability Office (GAO) utilized Education data, including output files from the Department of Education's Credit Subsidy Calculator, annual Budget Justifications, and annual Financial Reports, to analyze federal cost estimates of the Direct Loan program. The GAO found that costs associated with the emergency relief between March 13, 2020 through April 30, 2022 totaled $102 billion (Government Accountability Office, p. 14). This analysis, which does not include extensions beyond August of 2022, only measures costs associated with the Direct Loan program and likely underestimates the total cost of the payment pause.[6]

Beyond projections released by the federal government, analysts in the private sector have considered factors beyond the direct cost of lost interest payments. In August of 2022, the Committee for a Responsible Federal Budget (CRFB), a private think tank focused on fiscal policy,

[6] One uncounted cost is the interest forgone on the federally-held Federal Family Education Loans, which are about $79.32 billion of the overall loan portfolio.

estimated the total cost of the pause through the end of 2022 to be $155 billion. With the extension announced in November, the CRFB presented the cost of the extension of the payment pause until August 2023 as generating a cumulative policy cost of $195 billion. Broadly, the CRFB's analysis asserts that the pause of collections on loans, interest, and defaults costs $5 billion per month and is generally consistent with estimates from the CBO.

While the analyses of the CBO, GAO, and the Department of Education have focused more exclusively on the accounting costs of the policy, the CRFB has also identified the inflationary implications of the pause. First, inflation generates a cost in the erosion of the value of future payments to the government; for individual debt holders, this cost is a "benefit" in the form of reductions in the real value of future payments. Second, as borrowers have more cash-on-hand for consumption, it is likely that the student loan pause increases inflation, with the CRFB estimating an effect of about 20 basis points per year. Indeed, this inflation impact was acknowledged by the White House as Jared Bernstein claimed that the restarting of student loan payments would offset any inflationary impact of debt forgiveness.[7]

One final component of "cost" that is not accounted for in most analyses is the payments that will be foregone for borrowers receiving PSLF and IDR forgiveness. For borrowers covered by these programs, the months of forbearance during the payment pause (34 to date) are included as part of the repayment count. Thus, a PSLF-eligible worker with 120 months of full-time public service experience would need only 86 additional positive qualifying payments to qualify for full loan relief. While it is difficult to provide a full accounting of the eventual "costs" of these forgone payments to the government,[8] they are not distributionally neutral because those borrowers who forego relatively large payments or would have paid off their loans before forgiveness are the largest beneficiaries.

[7] "Restarting student loan payments begins in January. The amount of restart even with debt forgiveness basically offsets the debt forgiveness," says @econjared. "We think the impact on inflation will be neutral because restart offsets forgiveness." (CNBC post, 2022)

[8] Hornsby (2022) argues that the official cost of IDR is a marked underestimate of the cost of the payment pause because various income driven payment relief is not included. Hornsby (2022) estimates that the monthly cost could be as high as $8.5 billion.

Distributional Evidence

The benefits of the payment pause tie directly to the balances, monthly payments, and the interest rate on the loans.[9] Each of these components contributes to the net regressive impact of the payment pause continuation.

Interest rates on student loans vary based on the level of the borrower and the type of loan, effectively representing the current benefit per dollar borrowed. To illustrate, for 2022, the interest rate for undergraduate Stafford borrowers is 4.99% while graduate borrowers face a rate of 6.54%; for those graduate students[10] who borrow beyond the basic limit (GradPlus) and for parental borrowers (ParentPlus) the current interest rate is 7.54%. Thus, for each dollar borrowed, PLUS borrowers receive the greatest "benefit" from the pause.

Using data from the 2019 Survey of Consumer Finances (SCF), Figure 1 presents the starting point for understanding why the student loan repayment pause has distributional implications that are regressive.[11] Organized by decile of family income, Figure 1 shows the proportion of federal student loan borrowers from each decile along with the distribution of payments and balances. While the incidence of borrowing is broadly concentrated in the middle of distribution (about 71% in the middle 60% of the distribution), both payments and balances are concentrated in the top part of the income distribution. The top four deciles (approximately family incomes greater than $80,000), account for about 47.4% of student loan balances and about 60% of student loan payments, but only 41.4% of households with federal student debt. The greater concentration of student loan payments (relative to balances) in the top deciles reflects the fact that

[9] A different dimension of distributional equity arises with the consideration of the type of student debt. Student loan borrowers who refinanced their federal student loans to benefit from lower private rates and those who have older "guaranteed" loans that are not held by the federal government do not benefit from the pause. For those who originated student loans before 2010, many (75-80%) were part of the "guaranteed" lending (FFEL) regime rather than borrowing directly from the federal government which is universal today. Because the older FFEL programs were (at least originally) commercially-held rather than assets owned by the federal government, the government did not have the authority to unilaterally pause payments with the onset of COVID. One twist is that if a FFEL borrower defaults, the federal government takes ownership of the loan. Government owned FFEL loans were included in the payment pause beginning in March of 2021.

[10] While graduate borrowers are necessarily post-baccalaureate, they represent a mix of students in programs where high incomes are the norm (law, business, medicine) and public service occupations where compensation is generally modest.

[11] Our analysis uses data from the Survey of Consumer Finances from pre-COVID (2019). These data have the distinct advantage in measuring detailed household student loan information including loan type, balances, usual payments, family income, along with characteristics like educational attainment and race.

borrowers at lower deciles are more likely to be enrolled in income-based repayment (Figure 2, Panel D).

Figure 2 provides evidence on the representation of borrowers, payments, balances, and IBR participation by income decile. The upward march of mean loan payments with family income (Panel C) makes clear that those households from the upper end of the income distribution see the largest increases in cash-on-hand and interest subsidies from the payment pause. What is more, the erosion of the real value of future liabilities with high inflation (4.7% in 2021 and 7.4% in 2022) disproportionately benefits high balance borrowers, who are likely to be found in the top deciles of the income distribution (Panel B).

These payment-income patterns we observe in the SCF have also been documented in administrative banking data linked to credit reports. Farrell et al. (2019, 2020), for example, demonstrate that while median payments increase only modestly with income, extremely large payments (those in the 90th percentile), rise much more rapidly with income, with those making at least \$130,000 typically paying about \$9,760 annually relative to \$5,038 for those making at least \$30,000.

Even as payments and loan balances (along with interest premiums) are skewed to the top part of the income distribution, the question of how the "burden" of student loans is measured relative to income merits investigation. In Figure 3, we plot the means of student loan payment to income ratios by household earnings decile. We find that mean payment-to-income ratios are generally declining with income and range from approximately 1.8% (10th decile) to 6.3% (2nd decile). Importantly, however, overall (and within income deciles), there is notable variation in the degrees of burden, even as these ratios tend to be higher at the bottom than at the top of the income distribution. In total, 12% of families have payment to income ratios greater than 8%, which is a conventional metric for excessive debt burden (Baum and Schwartz, 2006).[12] Within deciles, these shares range from 2.7% for the 10th to 27.3% for the 2nd.

In addition to this evidence from the SCF, Farrell et al. (2020) show how the median scheduled payment burden differs by income using extraordinarily rich banking and credit bureau

[12] While many variables come into play to capture individual financial circumstances, Baum and Schwartz (2006) identify the 8 percent level as one that ensures borrowers have sufficient income available to cover household expenses, car payments, rent and so forth.

data. They find that median student debt payment burdens by income exceed the 8 percent threshold in the bottom ventile, while declining below this level for other centiles. Still, Farrell et al. (2020) find that about one-quarter of borrowers have a scheduled student debt burden above 7.3 percent, while 10 percent of their sample is obligated to pay at least 13.3 percent (the 90th percentile) of their take-home pay. Again, the take-away is that while the majority of borrowers have "manageable" student debt, there is a significant minority that is likely to struggle with repayment.

Next, consider the distribution of payments by education which can be thought to represent a wealth measure tied to human capital valuation (Looney, 2022). It should be no surprise that those with high payment levels (along with high incomes) disproportionately hold graduate degrees. Figure 4 shows the distribution of borrowers, payments and balances by the educational attainment of the household reference individual or spouse with the highest attainment level. Nearly 48% of payments are made by graduate degree recipients, even as this highly educated group constitutes about 29% of borrowers.[13]

The impact of the student loan payment pause on the well-established differences by race in student loan burdens also merits particular attention given important research highlighting disproportionate student debt burden faced by Black Americans. Not only is this group particularly likely to hold debt (28.6% relative to 19.8% for whites) but also it is more likely to experience negative amortization and default (Scott-Clatyon and Li, 2016; Miller, 2019). Figure 4 shows the distinction among borrowing, debt levels and payments by race.[14] While Black Americans constitute roughly 20% of federal student loan borrower households and 23% of balances, they make approximately 15% of the aggregate loan payments. This is in contrast to white American households which make-up about 61% of borrowers, but 70% of payments. Thus, the relief afforded by the payment pause is racially disparate in its absolute impact.

[13] Where the SCF has an advantage in measuring the distribution of student debt by income class, it has notable limitations in understanding the consequences of the payment pause by race and education level, in part, because we cannot definitely assign demographic characteristics to the borrower within the household. See Looney (2022) for a more comprehensive discussion of the strengths and limitations of the SCF in analyzing student loans.

[14] Analysis from Farrel et al. (2020) supports this finding that typical student loan payments for Black borrowers ($859 per year) lagged those for whites ($1,611 per year) before the pandemic.

Policy Alternatives

The further extension into 2023 of the student loan payment pause is costly (accruing at least $5 billion per month) and regressive in its distribution, delivering the bulk of benefits to upper income families. Beyond the direct fiscal cost of the student loan payment pause, the indirect costs accrue in the form of the government's credibility to administer the student loan program (and other government lending facilities in future periods). With at least three announcements of a "final" pause it would seem unlikely that individuals will take the government announcements seriously and, rather than changing spending behavior in expectation of payment restart, individuals may face deficits if payments do ever resume. And, looking farther in the future, the "normalization" of payment suspension may create an expectation that all forms of perturbations in the economy will be met with a payment suspension. Such expectations (or realizations) would make a student lending policy fiscally unsound.

Still, there are plainly borrowers who are at risk of delinquency or default with a resumption of payments (Goss, Mangrum, and Scally, 2022). Is extending the payment pause a life-line for these struggling borrowers or is it a diversion that may actually hurt these intended beneficiaries? A risk is that the extension of the payment pause encourages a false expectation for borrowers. The text of the announcement claims: "The extension will alleviate uncertainty for borrowers as the Biden-Harris Administration asks the Supreme Court to review the lower-court orders that are preventing the Department from providing debt relief for tens of millions of Americans." And, U.S. Secretary of Education Miguel Cardona announced the most recent extension of the payment pause with the claim:

> "Callous efforts to block student debt relief in the courts have caused tremendous financial uncertainty for millions of borrowers who cannot set their family budgets or even plan for the holidays without a clear picture of their student debt obligations…" (Department of Education, 2022)

Yet, it would be difficult to deny that there is uncertainty surrounding the eventual likelihood of debt forgiveness. Rhetoric from Secretary Cardona and the Department of Education that encourages a false sense of security about the likelihood of debt forgiveness may make at-risk borrowers worse off. Debt forgiveness is far from certain. A ruling from the Supreme Court against executive action could lead to a payment restart in the first half of 2023 rather than in August of 2023.

The continuation of the payment pause is neither the only tool nor the most effective instrument available to provide assistance to borrowers who have debt balances and labor market outcomes that would lead to hardship in a standard repayment regime. Indeed, notable accomplishments of the Biden administration include progress to increase access to IDR, PSLF, Borrower Defense to Repayment, etc. Existing income-based repayment programs are designed to provide relief for low-and moderate-income borrowers for whom standard repayments would cause financial hardship. Yet, since the pandemic began, the number of borrowers in income-based repayment programs has increased only slightly, even as it is widely recognized that there are many more borrowers who would benefit from income-based repayment than have enrolled.[15]

The most constructive action from the White House and the Department of Education would be to use the remaining time of the pause to motivate enrollment in existing income driven repayment plans and other programs "on the books" to help borrowers. Aggressive focus on the politically and judicially uncertain debt forgiveness makes other programs which could provide certain relief less salient to borrowers. Indeed, one hypothesis is that low take-up of the PSLF waiver, which expired October 31, was driven by many borrowers' expectations that they would be able to get loan relief without the paperwork filings associated with PSLF (Briones, Ruby, and Turner, 2022).

The public relations effort around the forgiveness effort would appear to crowd-out more general outreach and troubleshooting investments to ensure that at-risk borrowers are protected when payments resume. While more than $100 million was budgeted for the roll-out of the forgiveness application, there has been no comparable expenditure to increase take-up of programs that are "on the books" to help at-risk borrowers.[16]

Executive action combined with judicial intervention in the student loan space has produced short-term shifts which may not only confuse borrowers but contribute to instability in the policy

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[15] The number of borrowers in the REPAYE program increased from 3.2 million in the 2nd quarter of 2020 to 3.37 million in the 3rd quarter of 2022; the number of borrowers in the PAYE program increased from 1.46 million in the 2nd quarter of 2020 to 1.53 million in the 3rd quarter of 2022. (studentaid.gov, 2022)

[16] Stratford (2022) cites a Department of Education disclosure to OMB on the expected cost of building out the form for student debt relief, processing applications and related communications.

process – and, ultimately, the higher education market. If only executive action and judicial decision-making prevail over the course of the next two years, there is no certainty in outcomes for borrowers. Instead, there is a "decision tree" composed of branches or scenarios reflecting alternative Supreme Court rulings and executive action, with no particular outcome assured.[17] And, plausible scenarios including extending the student loan payment pause indefinitely by executive action or ending it by judicial ruling would not address the structural problems of design and implementation that have long plagued federal student lending.

While the legislative process presents significant challenges with razor thin majorities in both houses, compromise in this arena is imperative to build a well-functioning student loan system. Americans need a student loan program that enables the kind of post-secondary investments that contribute to economic prosperity and innovation while also providing borrowers with insurance against weak economic outcomes and oversight to prevent abuse by predatory institutions.

[17] Hornsby (2022b) describes three potential scenarios that include a continuation of the payment pause until 2025, the pause concludes in the first half of 2023 with court action and the pause continues somewhat later in 2023, with a lag following the ruling of the Supreme Court.

Figure A: Timeline of Student Loan Repayment Pause

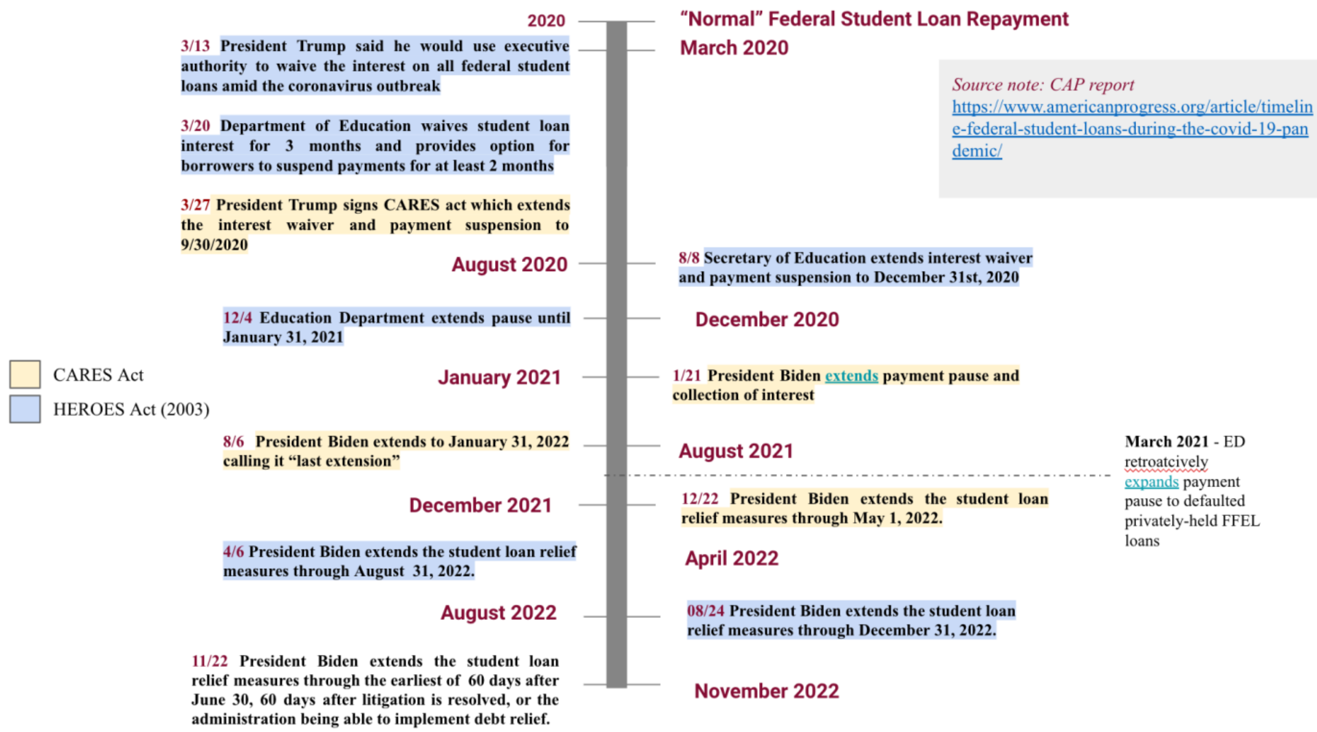
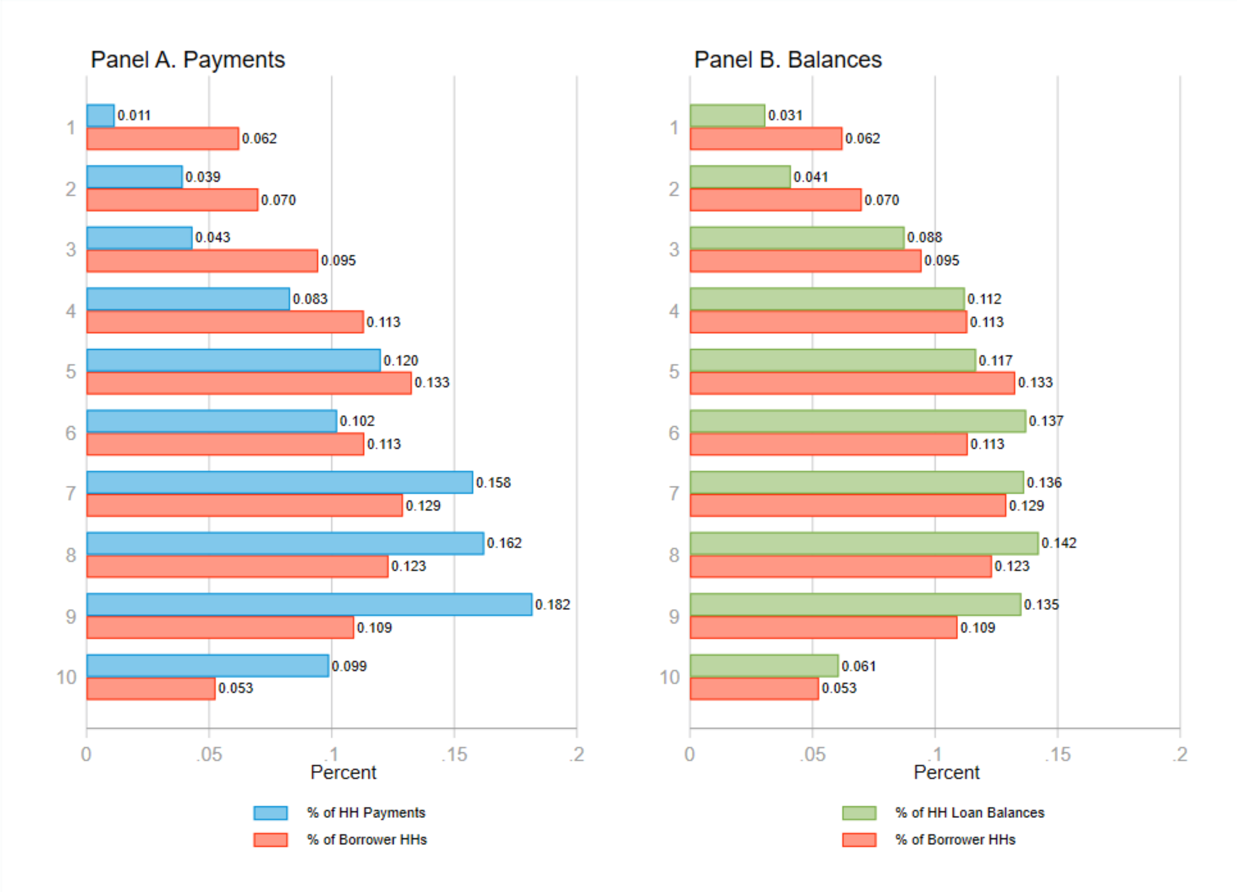
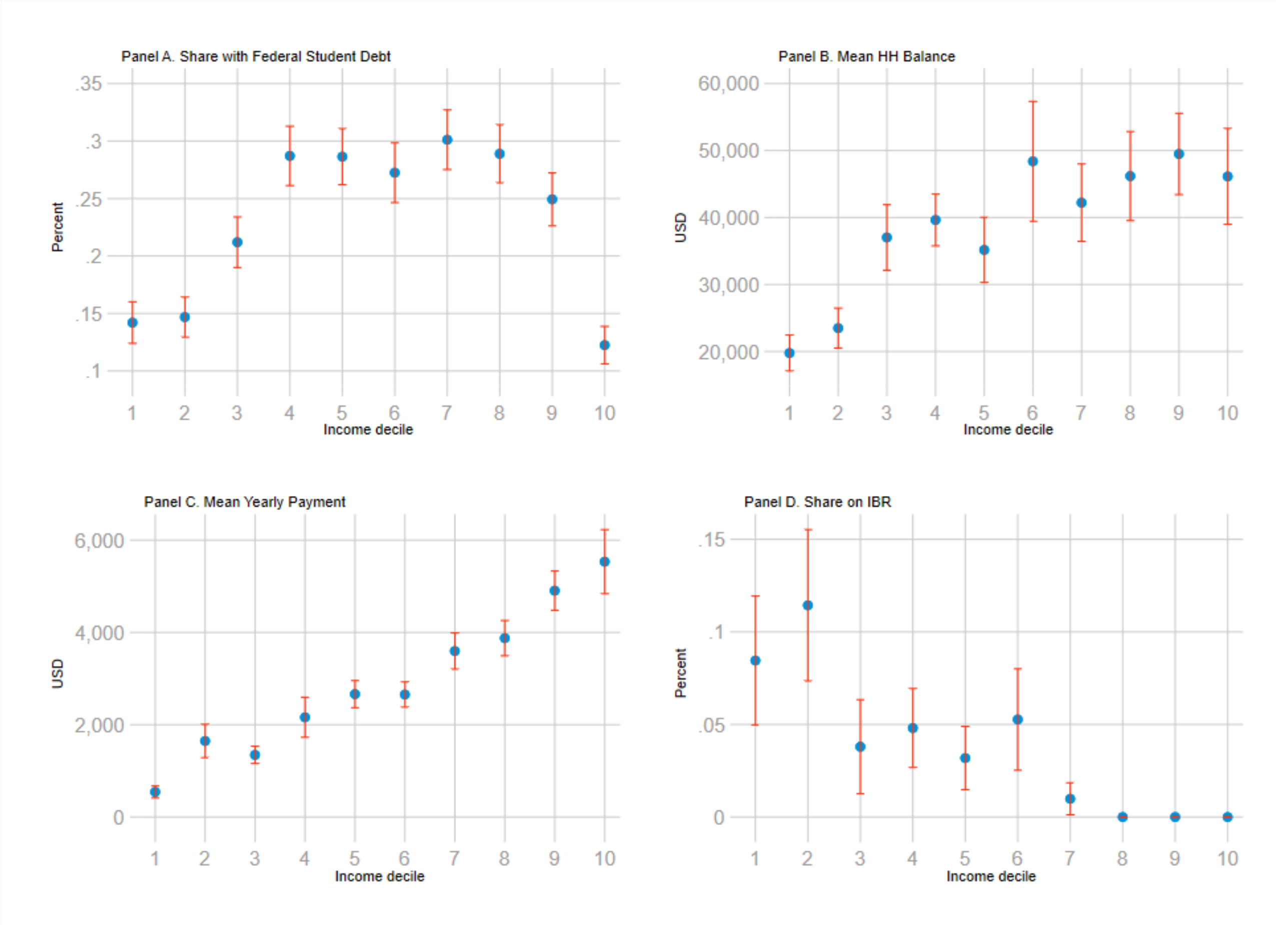


Figure 1: Distribution of Federal Student Loan Payments and Balances by Household Income Decile



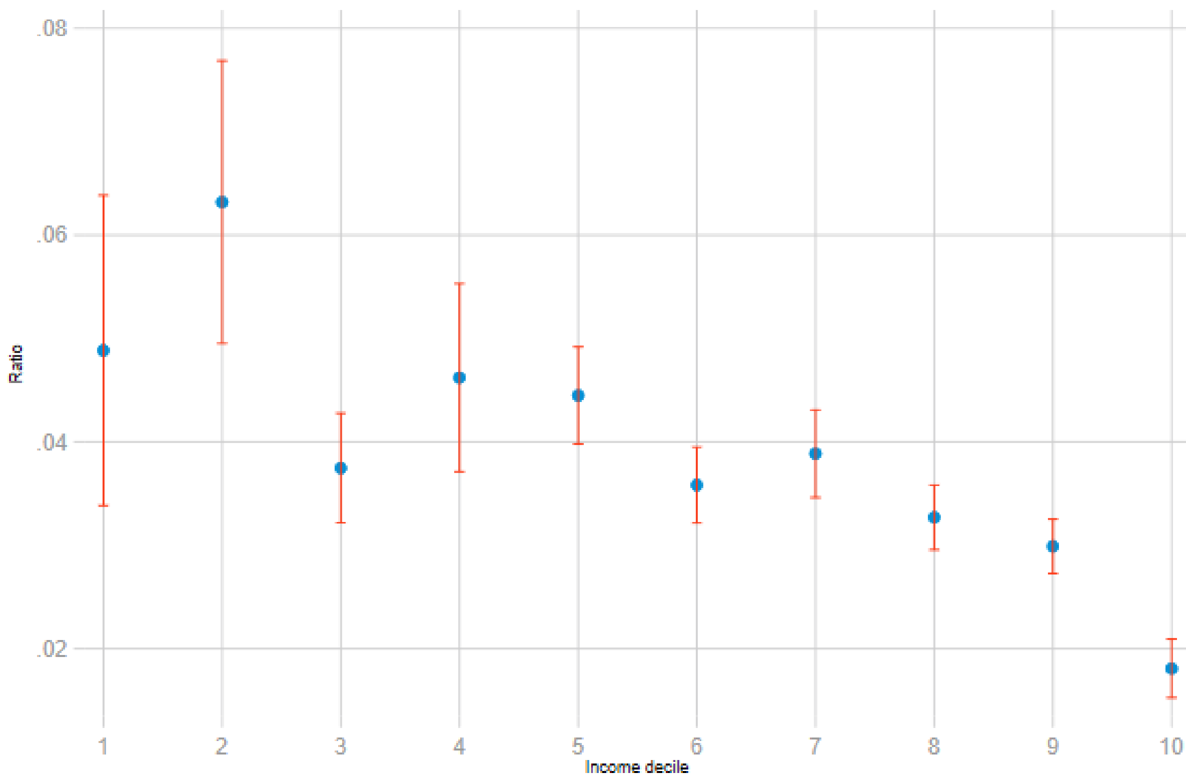
Notes: This figure displays the share of total household annual payments on federal student loans (Panel A), and the share of total household student loan balances (Panel B) by household earnings decile. Red bars in each panel represent the share of households with federal student debt from each decile. Estimates pertain to federal student loans from households where the reference individual is between the ages 22 and 60, exclusively. We drop federal loans where the borrower is currently enrolled or in a grace period at the time of the survey, and thus, does not have to make loan payments. All estimates are weighed using SCF sample weights.

Figure 2: Federal Student Debt Balances and Payments by Household Income Decile



Notes: This figure displays the share of households with student loan debt (Panel A), the average debt balance (Panel B), average annual loan payment (Panel C), and the share with at least one loan on an income-based repayment plan (Panel D) by household income decile. Panels B, C, and D condition on households holding a positive federal student loan balance. All reported values are at the household level and pertain to federal student loans from households where the reference individual is between the ages 22 and 60, exclusively. We drop federal loans where the borrower is currently enrolled or in a grace period at the time of the survey, and thus, does not have to make loan payments. We estimate means (blue circles) and 95% confidence intervals (red lines) by running OLS regressions on decile dummies using SCF sample weights. Monetary values in terms of 2019 dollars.

Figure 3: Mean Federal Student Debt Payment to Income Ratios by Household Earnings Decile

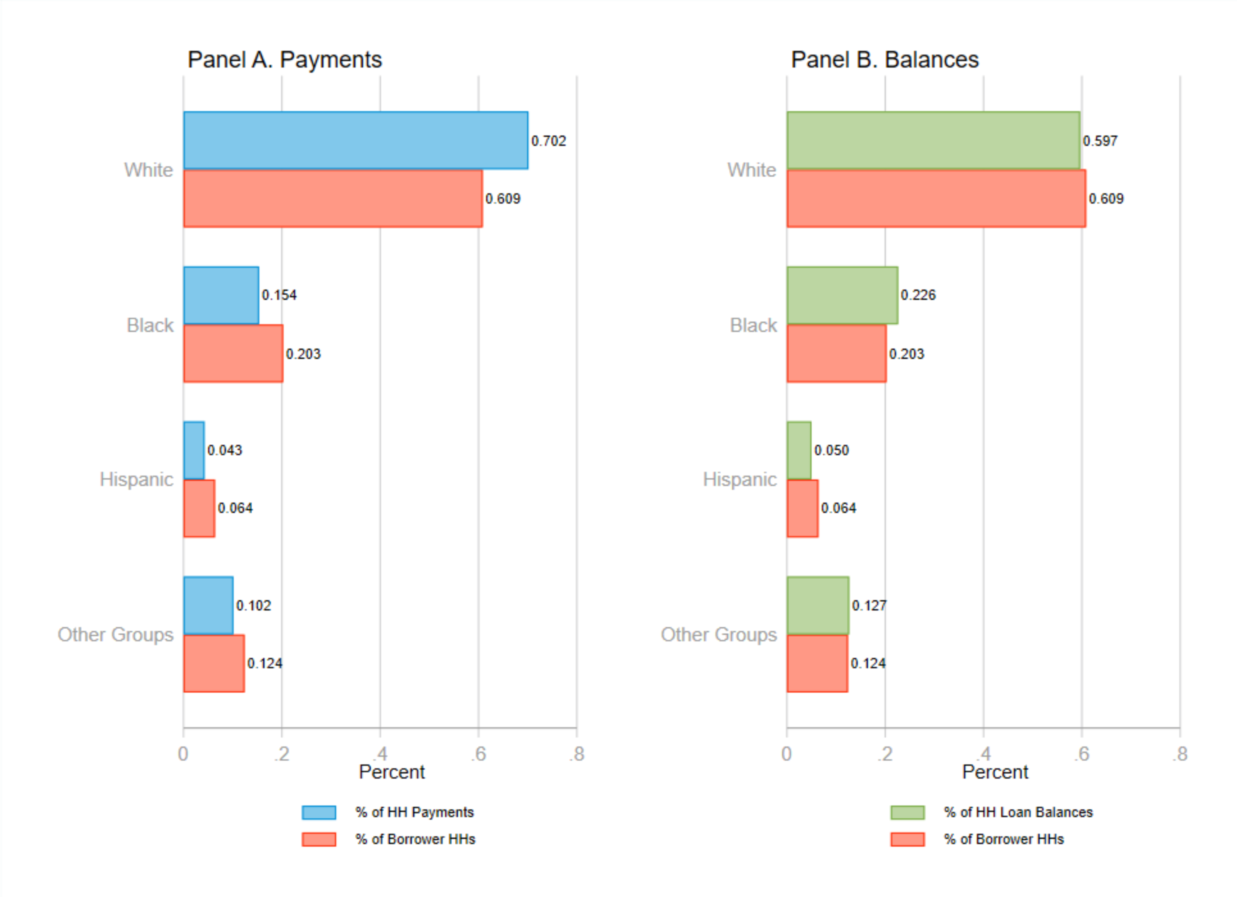


Notes: This figure displays the mean household student debt payment to income ratio by household income decile for those households that hold a positive federal student loan balance. All reported values are at the household level and pertain to federal student loans from households where the reference individual is between the ages 22 and 60, exclusively. We drop federal loans where the borrower is currently enrolled or in a grace period at the time of the survey, and thus, does not have to make loan payments. We estimate means (blue circles) and 95% confidence intervals (red lines) by running OLS regressions on decile dummies using SCF sample weights.

Figure 4: Distribution of Federal Student Loan Payments and Balances by Education Level

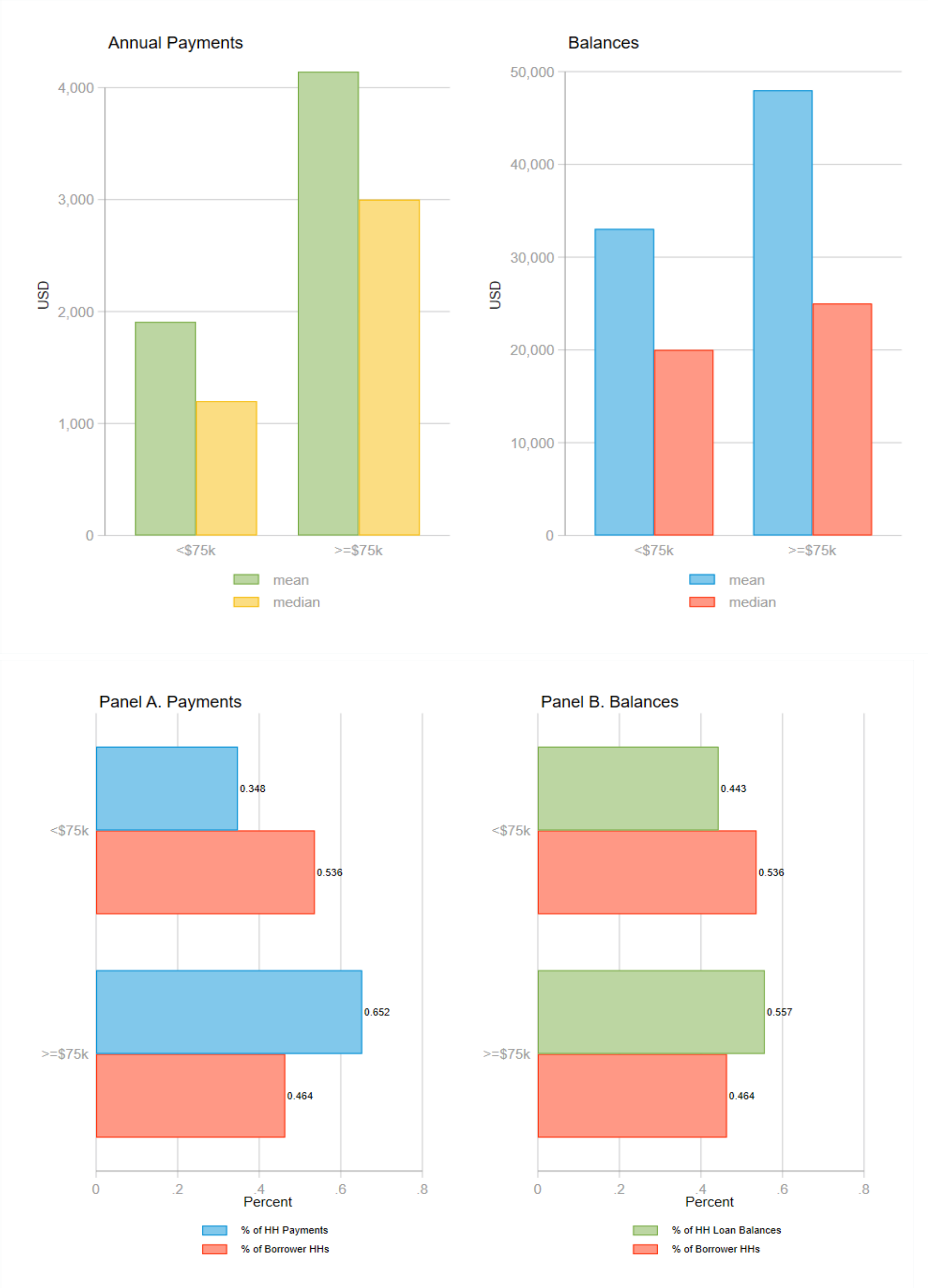
Notes: This figure displays the share of total household annual payments on federal student loans (Panel A), and the share of total household student loan balances (Panel B) by education level of the household individual with the highest level of education. Red bars in each panel represent the share of households with federal student debt from each group. Estimates pertain to federal student loans from households where the reference individual is between the ages 22 and 60, exclusively. We drop federal loans where the borrower is currently enrolled or in a grace period at the time of the survey, and thus, does not have to make loan payments. All estimates are weighed using SCF sample weights. Bar values may not sum to one because some household federal student loans are parent loans, and thus, the education level of either the reference individual or spouse may be below "SC/AA".

Figure 5: Distribution of Federal Student Loan Payments and Balances by Race/Ethnicity



Notes: This figure displays the share of total household annual payments on federal student loans (Panel A), and the share of total household student loan balances (Panel B) by race/ethnicity of the household reference individual. Red bars in each panel represent the share of households with federal student debt from each group. Estimates pertain to federal student loans from households where the reference individual is between the ages 22 and 60, exclusively. We drop federal loans where the borrower is currently enrolled or in a grace period at the time of the survey, and thus, does not have to make loan payments. All estimates are weighed using SCF sample weights.

Appendix Figure 1: Federal Student Debt Balances and Payments by Household Income



Appendix Table 1: Household Earnings Decile Medians

Earnings Decile									
1	*2*	*3*	*4*	*5*	*6*	*7*	*8*	*9*	*10*
12,217	25,453	36,652	46,833	59,458	74,323	93,667	120,138	162,899	529,421

Notes: This table shows the median level of household earnings in each earnings decile. Deciles are formed using households where the reference person is between the ages 22 to 60 and are weighed using SCF survey weights. All data come from the Federal Reserve's 2019 SCF. Earnings are in terms of 2019 dollars.

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