

New Government Data Exposes Complete Failure of Education Department's Income-Driven Repayment Program

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Just 32 Students Have Received Promised Debt Cancellation as 2 Million Remain Trapped in Decades-Old Debts; Advocates Call for Immediate Action to Deliver Debt Relief and Overhaul the Department's Program

Washington, D.C. – Approximately two million student loan borrowers are currently trapped in undergraduate debts more than two decades old, and, according to U.S. Department of Education (Department) data obtained by the National Consumer Law Center, just 32 borrowers have ever qualified for loan cancellation through the federal government's income-driven repayment (IDR) program. Enacted by Congress more than 25 years ago, IDR promises low-income borrowers a path to debt relief after 20 or 25 year of monthly payments. Flawed program design, shoddy and illegal student loan servicing practices, and chronic mismanagement by the Department have all contributed to the complete collapse of the most important anti-poverty program under the control of the federal government's student loan arm, according to a new policy brief by the National Consumer Law Center and the Student Borrower Protection Center.

"The broken student loan system is ravaging 45 million Americans – and women, low-income borrowers, and Black and Latinx borrowers in particular, are bearing the brunt of that burden which has a devastating effect on borrowers' communities and the economy as a whole," said **Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance project**. "The fact that only 32 borrowers, out of the millions paying for 20 or more years, have received cancellation through the programs created to ensure an affordable pathway out of debt is proof that those programs have failed and are likely exacerbating racial and gender disparities in the student loan portfolio. While the Department must fix income-driven repayment going forward, it is imperative that it provide immediate relief to the millions of borrowers languishing for decades in a broken student loan system."

"After paying for decades, borrowers have been knocked off track and denied the promise of cancellation due to mismanagement by the Department of Education and abusive practices by the student loan industry," said **Seth Frotman, executive director of the Student Borrower Protection Center**. "Millions of borrowers are in desperate need of immediate relief, and they don't have time to wait for twenty more years of empty promises."

Key Recommendations

To address the decades-long failure of IDR to deliver promised relief to low-income student loan borrowers and create a functional and equitable program, the Department must:

1. Immediately review the implementation of IDR and audit the student loan accounts of all borrowers potentially entitled to relief under the law.

2. When conducting this review and audit, center the needs and lived experiences of low-income borrowers and borrowers of color by getting meaningful input from borrowers directly and addressing breakdowns that disproportionately harm vulnerable borrowers.
3. Cancel student debt for all federal loan borrowers in debt for two decades or more, regardless of whether they previously enrolled in an IDR plan.
4. Overhaul IDR to create a truly affordable repayment option that will provide borrowers with a functioning pathway to tax-free cancellation, including safeguards to protect borrowers from servicing errors and abuses.

All of these steps are necessary, but are not a substitute for broad cancellation of a substantial amount of student loan debt for all borrowers, not tied to the failure of the IDR programs. Broad cancellation would accomplish, with the stroke of a pen, what decades of student loan policies have failed to achieve.

Background on IDR plans: First authorized by Congress through the Higher Education Act in 1995, the IDR program was intended to help low-income students get out of the burden of unaffordable federal student loan debt. The borrower's monthly payment is based on a portion of the borrower's income and any remaining loan balance is cancelled successfully after making 20 to 25 years of payments, depending on the plan. If the program worked as intended, more than 2 million borrowers would have had their debt cancelled by now.