

Biden Administration Debt Relief Timeline

2021 January 20
Biden takes office and extends the student loan payment pause, which began in March 2020 due to the COVID-19 pandemic.

August 6
Biden extends the student loan payment pause again, this time through January 31, 2022.

2022 April 6
The student loan payment pause is extended once more, this time through August 31, 2022.

August 24
Biden announces a plan to cancel up to \$10,000 in student debt for individuals earning less than \$125,000 annually (\$250,000 for households).

- Pell Grant recipients can receive up to \$20,000 in forgiveness.
- The plan also extends the payment pause through December 31, 2022.

November 22
The Biden administration extends the pause on student loan payments through June 30, 2023 because of the outstanding legal challenges to their debt cancellation plan.

- Repayment will begin 60 days after the challenges in court are settled.

2023 February 28
The Supreme Court agrees to hear cases challenging Biden's debt cancellation plan.

June 30
The Supreme Court blocks Biden's plan in a 6-3 decision.

June 30
In response to the Supreme Court striking down broad-scale debt cancellation, ED announces plans for a negotiated rulemaking session to consider targeted student loan relief.

July 10
The Department of Education released its final rule on the Saving on Valuable Education (SAVE) repayment plan.

- The final rule is a result of negotiated rulemaking conducted in the fall and winter of 2021.

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July 31

ED opens beta application for SAVE plan sign-up.

August 22

Portions of the SAVE plan are early implemented, including: increasing the discretionary income threshold from 150% to 225% of the Federal Poverty Level, fully subsidizing remaining interest after monthly payments, and allowing the exclusion of spousal income for married filing separately tax filers.

October (Pre-payment pause resumption)

Borrowers previously enrolled in REPAYE have SAVE Plan terms automatically applied to their loans.

October 13

ED holds first of 3 negotiated rulemaking sessions to forge a path toward targeted student loan cancellation.

December 13

ED held final negotiated rulemaking sessions for student loan cancellation on which many topics don't reach consensus.

- There wasn't enough time to discuss the topic of financial hardship, and was rescheduled for early 2024.

2024 January 21

Early cancellation for low-balance borrowers portion of SAVE plan takes effect.

- Provides debt forgiveness to borrowers who have been in repayment after as little as 10 years and took out \$12,000 or less in student loans.

February 21

ED cancels \$1.2 billion in student debt for nearly 153,000 borrowers enrolled in the SAVE plan as part of the early implementation of early cancellation provision in January 2024.

February 23

Student loan relief negotiating committee reconvenes for financial hardship discussion.

February 26

Student loan relief negotiated rulemaking committee reaches consensus on financial hardship language.

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March 28

Lawsuits from attorneys general in Kansas and Missouri file lawsuits seeking to prevent the Biden Administration from fully implementing the SAVE plan.

April 17

ED releases draft rules related to debt relief from the initial negotiated rulemaking session held in late 2023.

- Does not include the financial hardship topic, which was negotiated later than the other topics.

June 24

Two courts issued temporary injunctions against the portions of the SAVE plan that were scheduled to take effect July 1, 2024.

- In a ruling from Kansas, U.S. District Judge Daniel D. Crabtree placed an injunction on the next phase of the SAVE program that would have reduced payments for many undergraduate borrowers by cutting in half the amount of the borrower's discretionary income that would be used for the monthly payment (from 10% to 5% of discretionary income).
- In Missouri, U.S. District Judge John A. Ross in Missouri, blocked the SAVE plan from providing any additional loan forgiveness.

June 28

Department of Education removes online application to apply for Income Driven Repayment Plans (including SAVE) from studentaid.gov website.

- Paper applications remain available but are not being processed by servicers

June 28

Borrowers enrolled in the SAVE plan are placed into interest-free administrative forbearance by servicers.

June 30

The 10th Circuit Court of Appeals halted the Kansas injunction, meaning the recalculation of monthly payments could move forward.

- The Missouri judgment remained in place.

July 1

ICR (except to repay consolidation loans that include Parent PLUS loans) and PAYE new enrollments sunsetted per the final SAVE rules.

- This part of the SAVE rule was not blocked by any courts.

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July 18

A federal appeals court issued a stay preventing the Department of Education from operating the SAVE Plan in its entirety.

- This presumably included the provision in the SAVE rule that would have sunsetted new enrollments in ICR and PAYE, which caused ED to begin accepting new applications for those plans beginning July 18.

August 9

The 8th U.S. Circuit Court of Appeals ruling extends the brief pause ordered in July, blocking the administration from “any further forgiveness of principal or interest, from not charging borrowers accrued interest, and from further implementing SAVE’s payment-threshold provisions.”

- This presumably permits the sunset of the ICR and PAYE plans since those provisions are not explicitly noted in the decision, causing ED to stop accepting new applications for those plans on August 9.

August 28

The Supreme Court denies a request from the Department of Justice (DOJ) to vacate the Eighth Circuit’s nationwide injunction blocking all SAVE Plan student loan relief during litigation over the SAVE Plan.

August 28

SCOTUS denies Republican-led states’ (Kansas/Alaska) request in another case because it’s unnecessary.

September 3

DOJ asks Eighth Circuit to consider and decide the SAVE student loan plan appeal on an expedited basis.

- This would allow SCOTUS to hear any further appeal in this upcoming term if necessary, which would mean a final decision by June 2025.

September 3

Seven Republican-led states file a lawsuit to block ED from implementing its student loan debt relief plan, before final rules are published.

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September 4

The Eighth Circuit grants DOJ's request for a very expedited consideration of the SAVE student loan plan appeal.

- Oral arguments set for October 24, 2024.
 - SAVE is on hold until at least that date.

September 6

District Court rules the administration is temporarily restrained from implementing proposed student loan relief rules.

- Preemptively including financial hardship, despite the fact that a proposed rule has not yet been issued.

September 18

Judge extends temporary restraining order for an additional 14 days.

October 3

Georgia judge determined that the state of Georgia lacked standing in the legal challenge to the program and allowed the temporary restraining order to lapse.

October 3

A judge in Missouri issued a preliminary injunction against the administration's program shortly after the decision from Georgia.

November 15

ED publishes an Interim Final Rule to reopen the applications for and allow borrowers to enroll in the Income-Contingent Repayment (ICR) and Pay As You Earn (PAYE) repayment plans, effective December 15, 2024, through July 1, 2027.

- This change addresses the current lack of an available ICR option after the rollout of the new SAVE plan (which replaced REPAYE, PAYE, and ICR).

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