

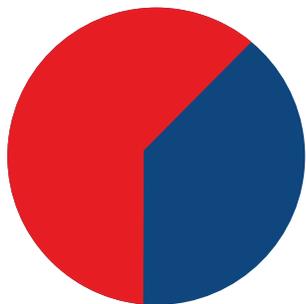


Data Point: Almost Two in Three Navient Borrowers Making Payments During COVID-19 Federal Student Loan Payment Pause Are Underwater

AN ANALYSIS OF OVER 428,000 BORROWERS IN INCOME DRIVEN REPAYMENT (IDR)

Even before COVID-19, student loan borrowers struggled under the weight of more than **\$1.6 trillion in debt**. One in four borrowers was in default or serious delinquency, and many worried about their ability to make student loan payments while covering other basic needs. Because of decades of structural inequities and discrimination, **student loans have burdened Black and Latino borrowers** more than other groups, and now these borrowers of color are also among those disproportionately harmed by COVID-19.

Recognizing that the crisis impacted many borrowers' abilities to repay their debts, the federal government entered into a student loan payment pause in March 2020. During this pause, Federal Direct Loan borrowers have been relieved of the obligation to make payments, interest accrual has been temporarily suspended, and borrowers enrolled in income-driven repayment (IDR) plans who decline to make payments have continued to make progress towards eventual cancellation through the repayment plans and/or Public Service Loan Forgiveness Program (PSLF).



63%

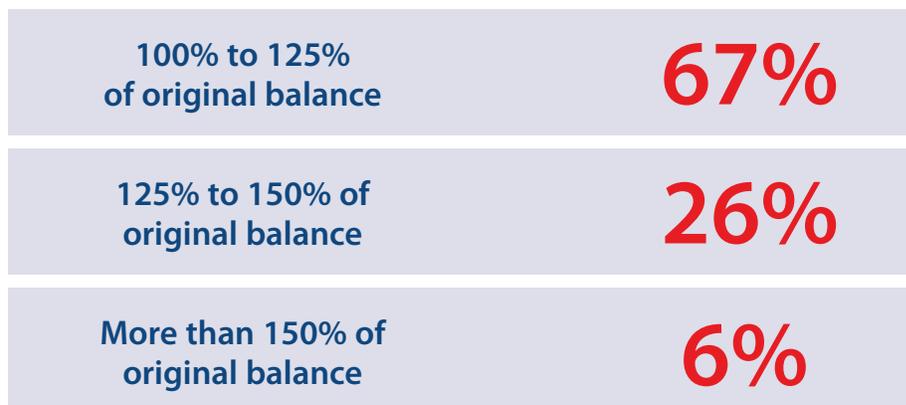
of student loan borrowers in IDR who made payments during the COVID-19 payment pause owe more than they originally borrowed.

Source: Center for Responsible Lending and National Consumer Law Center analysis of Navient borrowers in IDR making payments during COVID-19 payment pause, 2021.

In response to a Freedom of Information Act (FOIA) request, the Department recently produced data on borrowers in IDR who made at least one voluntary payment during the payment pause. **This dataset includes 428,268 borrowers serviced by Navient who are enrolled in IDR and made a payment; these borrowers collectively owe almost \$28 billion** (Appendix A). The borrowers in this dataset made almost \$600 million worth of voluntary payments during the payment pause.

Analysis of this data reveals that nearly **two-thirds (63%) of borrowers in IDR who made at least one payment during the COVID-19 payment pause were underwater, meaning that they have not repaid even \$1 of their original balance**. Even more, of the underwater borrowers, almost 90,000 borrowers (33% of all underwater borrowers) owe more than 125% of their original balance despite making at least one payment during the COVID-19 payment pause.

Figure 1: One-Third of Underwater Borrowers Owe Over 125% of Original Balance



Source: Center for Responsible Lending and National Consumer Law Center analysis of Navient borrowers in IDR making payments during COVID-19 payment pause, 2021.

There are a variety of events, including entering repayment for the first time or after a forbearance, and various events in IDR plans, that trigger capitalization of outstanding interest, driving up balances further by adding unpaid interest to principal, resulting in accrual of interest on interest.



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Appendix A: Dataset includes more than 425,000 borrowers in IDR with almost \$28 billion in student loans held by Navient

Number of Borrowers	428,268
Number of Loans	2,432,271
Total Balance (Principal plus Interest)	\$27,625,576,890
Principal Balance	\$25,949,019,012
Total Original Balance	\$24,710,051,652
Interest Balance	\$1,674,400,488

Source: Center for Responsible Lending and National Consumer Law Center analysis of Navient borrowers in IDR making payments during COVID-19 payment pause, 2021.