CONSUMER FINANCIAL PROTECTION BUREAU | NOVEMBER 2024

An analysis of the first seven months of the federal student loan return to repayment

Consumer Financial Protection Bureau

Table of contents

1. Introduction

The COVID-19 emergency multi-year pause on federal student loan interest and payments ended September 1, 2023,[1] and many borrowers have faced challenges during the transition into repayment. As detailed in a CFPB Issue Spotlight earlier this year, federal student loan borrowers encountered a variety of difficulties with their servicers, including extended call hold times, income-driven repayment plan application processing delays, and inaccurate billing and disclosure statements.[2] In prior research, we showed how student loan borrowers fared during the payment pause and documented potential risk factors for millions of borrowers who might struggle with the return to repayment.[3]

In expectation of potential difficulties with this transition, the Department of Education instituted a one-year "on-ramp" for borrowers through September 30, 2024.[4] This policy temporarily limited the negative effects of default and missed payments on credit reports by putting borrowers into an automatic forbearance if they missed three consecutive monthly payments. However, borrowers remained responsible for these loans, and interest continued to accrue. Now that the on-ramp policy has ended, borrowers who miss payments may again face these negative consequences.

In this report, we use credit record data to look at how student loan borrowers are faring after returning to repayment by examining their student loan repayment status and their rates of delinquency on non-student loan debt. By analyzing the first seven months of repayment, we provide an update on the number of borrowers who have successfully returned to repayment (including those with $0 scheduled payments), as well as those who have not, and we characterize the population of borrowers who have not returned to repayment to better understand the extent to which they face other financial stresses. We also study the population of borrowers with scheduled $0 monthly payments, which has grown considerably due to

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[*] This report was authored by Thomas Conkling and Christa Gibbs (CFPB Office of Research).

[1] In 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act paused student loan borrowers' obligations to make payments on their federally held student loans, and the pause was subsequently extended administratively by the Department of Education. Those payment obligations resumed in October of 2023 as a result of the Fiscal Responsibility Act of 2023.

[2] CFPB "Issue Spotlight: Federal Student Loan Return to Repayment" (January 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_federal-student-loan-return-to-repayment-report_2024-01.pdf.

[3] Conkling, Thomas and Christa Gibbs, "Office of Research blog: Update on student loan borrowers as payment suspension set to expire" (June 2023), available at https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-as-payment-suspension-set-to-expire/.

[4] For more on the return to repayment and the on-ramp for borrowers, see the Department of Education's "Restarting Student Loan Payments" at https://studentaid.gov/manage-loans/repayment/prepare-payments-restart.

expansions in income-driven repayment (IDR) plans implemented through the new Saving on a Valuable Education (SAVE) plan. The SAVE plan, introduced in August 2023, provided $0 monthly payments for borrowers earning up to 225 percent of the federal poverty level during the period studied in this analysis.[5]

Overall, we find that many borrowers appear to be struggling to successfully repay their student loans, at a rate similar to what we saw prior to the COVID-19 pandemic, despite more generous IDR plans and an increase in loan discharges through targeted relief programs. In this report, we revisit our prior analyses and show that the number of borrowers with $0 monthly payments on their student loans has more than quadrupled since the start of the COVID-19 pandemic, likely due to the availability of the SAVE plan.[6] However, even though one out of five borrowers now owe $0 monthly payments based on their income, the delinquency rate is roughly the same as the pre-pandemic level. Further, borrowers who have missed payments appear to be largely similar to the group of borrowers receiving $0 monthly payments, indicating that they would likely benefit from enrollment in an IDR plan.

More specifically, we find that:

- **Around 40 percent of borrowers successfully made payments in April 2024.**
- **Approximately 20 percent of borrowers had a scheduled payment of $0 as of April 2024**, about double the share of borrowers before the payment pause as the use and generosity of IDR plans increased.
- **Approximately 30 percent of borrowers missed their payments in April 2024** which is similar to the share (27 percent) of borrowers in repayment who missed their most recent payment prior to the payment pause, in February 2020, in our sample.
- **Nearly 8.9 million borrowers appear to have benefitted at least once from the on-ramp policy** as 28 million borrowers returned to repayment all at once.
- **Almost half (47 percent) of student loan borrowers entering repayment for the first time are not actively repaying.** Additionally, 21 percent of borrowers new

[5] As of July 18, 2024, the Department of Education has been enjoined from implementing certain elements of the SAVE plan for some borrowers due to court orders ongoing litigation, but the analysis in this report covers the period prior to this action. All borrowers enrolled in the SAVE plan are in an automatic forbearance as of this writing. For more information, see https://studentaid.gov/announcements-events/save-plan.

[6] Additionally, some borrowers with $0 scheduled payments before the pause have not yet had to recertify their income but have incomes that are high enough to result in a scheduled payment greater than $0.

to repayment successfully made their payments in April 2024, and another 21 percent had $0 scheduled payments.

- **Delinquencies on non-student loan debts were higher at the end of the payment pause than before the pause.** Borrowers with $0 scheduled payments or who missed their April 2024 payments were five times more likely to have a non-medical collection appear on their credit record during the payment pause than borrowers who made their student loan payments and about three times more likely to be using 90 percent or more of their total credit card limit.

- **Borrowers who live in low-income areas remain more likely to struggle to repay their student loans and other types of credit.** Borrowers who have missed student loan payments are 27 percent more likely to live in a high-poverty area, consistent with borrowers with missed payments struggling more broadly. These borrowers are also about 60 percent more likely to be delinquent on a non-student loan debt than student loan borrowers overall. Similarly, borrowers with $0 scheduled monthly payments (likely due to meeting required low-income thresholds under IDR plans) are 33 percent more likely to live in a high-poverty area and are about 30 percent more likely to have delinquencies on other types of credit accounts than borrowers overall.

Additionally, while overall repayment and delinquency rates in April 2024 were in line with pre-pandemic rates, many borrowers moved out of delinquency and into repayment or, alternatively, from successful repayment into delinquency between February 2020 and April 2024. For example, 17 percent of borrowers who were making payments in February 2020 missed their payments in April 2024, while, about one-third of borrowers who missed payments in February 2020 were again missing payments in April 2024, while just under one-third of borrowers were making payments and one-in-five borrowers had $0 scheduled payments.

Overall, this analysis indicates that many student loan borrowers are experiencing financial stress despite the increased availability of IDR plans. Increasing credit card utilization rates and delinquencies on non-student loan accounts in the months leading up to the repayment restart show that many student loan borrowers were struggling even before their student loan payments began in late 2023. Millions more borrowers could likely benefit from the reduced or $0 payments offered by IDR plans but may be experiencing problems in successfully accessing these plans due to long servicer call wait times and problems with IDR application processing or documentation, among other barriers.[7] In particular, the similarities between borrowers who have $0 scheduled payments under IDR plans and borrowers who have missed payments suggests that expanded $0 payments may help some borrowers stay out of delinquency on their student loans or avoid increasing their use of other debts.

[7] See CFPB, "Supervisory Highlights: Servicing and Collection of Consumer Debt" (Summer 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-34_2024-07.pdf, and CFPB "Supervisory Highlights: Student Loan Servicing Special Edition" (Fall 2022) available at https://files.consumerfinance.gov/f/documents/cfpb_student-loan-servicing-supervisory-highlights-special-edition_report_2022-09.pdf.

2. How student loan borrowers are faring with their student loans

To better understand how student loan borrowers are faring with the federal return to repayment, we use the CFPB's Consumer Credit Information Panel (CCIP), a 1-in-50 deidentified sample of credit records from one of the three nationwide consumer reporting agencies. While delinquencies on federally-held student loans were not reported on credit records during the one-year on ramp period, these data still allow us to learn about the return to repayment as student loan servicers reported scheduled minimum monthly payments, payment dates, and actual payments made each month.

Our primary sample for this analysis includes all student loan borrowers who:

- had an outstanding student loan balance around the repayment restart;
- likely had at least one federal student loan affected by the federal student loan payment pause (meaning that they had at least one student loan with only $0 scheduled payments or in forbearance from April 2020 through August 2023);
- had their student loans reported as being in a status other than forbearance or deferment for at least one month from October 2023 through the present; and
- do not currently have their student loans reported as being in collections.[8]

This includes borrowers who had loans with payments due before the payment pause, borrowers with loans that did not have payments due before the pause, and borrowers who had not yet borrowed before the payment pause. After applying these restrictions, we have a sample representing more than 25 million student loan borrowers.[9] Since October 2023, gaps in the

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[8] This excludes borrowers with defaulted federal student loans who have not opted in to the Fresh Start program. Loans for these borrowers are currently reported as in repayment with a $0 scheduled payment and with an indicator for a collection, but these loans are still in default and are not eligible for benefits like income-driven repayment. Borrowers who have opted in to the Fresh Start program no longer have their loans reported as a collection and are included in this sample.

[9] Our sample restrictions should include primarily student loan borrowers with loans held by the federal government (since commercially-held federal loans were not subject to the payment pause). Reporting errors may result in the inclusion of some borrowers without federally-held loans or exclusion of some borrowers with federally-held loans.

furnishing of information about federal student loans by servicers to consumer reporting agencies mean that some federal student loans do not show up in the CCIP data every month. As a result, we are unable to determine if some borrowers successfully made payments on their student loans, missed payments, or were placed into a forbearance in late 2023. Starting in January 2024, we can, again, reliably observe the payment status for most loans, which is the date we begin showing data on student loan payment status. Additionally, around 30 percent of loans did not receive credit record updates in May 2024, so most of our analysis of student loan payment statuses end in April 2024.

2.1 Payment status since repayment restarted

For this analysis, we classify borrowers into one of four groups based on their payment status on their student loans each month:

1. Borrowers reported to have made at least the minimum (non-zero) scheduled payment on their student loans (not including those with $0 scheduled payments),[10]
2. Borrowers with scheduled minimum monthly payments of $0,
3. Borrowers with all their student loans in deferment or forbearance, and
4. Borrowers who did not make their scheduled minimum (non-zero) monthly payments.

Borrowers can move between these groups each month. For example, borrowers who had loans in forbearance or who missed a payment in one month may successfully move into an IDR plan with a $0 scheduled payment the next. The on-ramp program also means that, for three months, borrowers in the fourth group will move to the third group as their loans are put into an automatic forbearance. The on-ramp policy also resets the delinquency to zero. Borrowers in this third group also include borrowers with forbearances and deferments for reasons unrelated

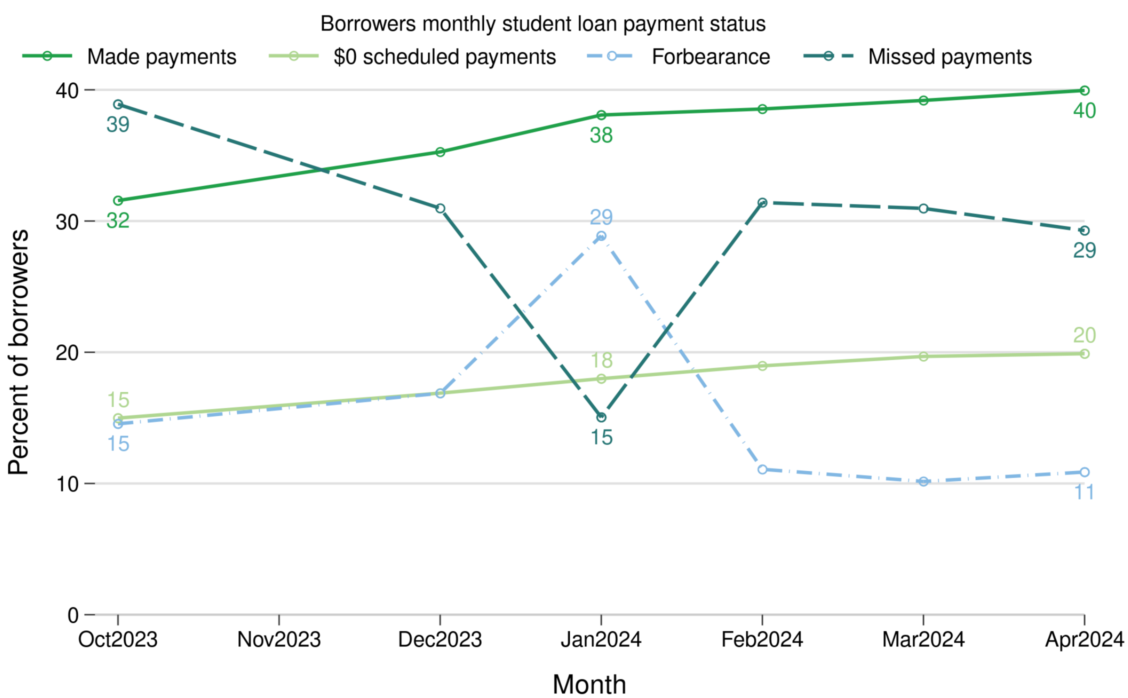
This sample also differs slightly from our sample of borrowers during the payment pause where we could not exclude borrowers based on returning to repayment and where we excluded borrowers who had $0 scheduled payments before the pause. For more details, see Conkling, Thomas and Christa Gibbs, “Student Loan Borrowers Potentially At-Risk when Payment Suspension Ends” (April 2022), available at https://www.consumerfinance.gov/data-research/research-reports/student-loan-borrowers-potentially-at-risk-payment-suspension-ends/.

[10] We determine this by summing all payments made across all a borrower’s student loans and comparing that to the sum of all the minimum payments due. While it is possible that a borrower might pay less than the minimum on one loan and more than the minimum on another, in practice this is very rare.

to on-ramp, such as those who have returned to school and those with an administrative forbearance due to billing issues.

Figure 1 shows how borrowers transitioned between these groups since repayment resumed in October 2023. The share of borrowers successfully making non-zero payments has remained fairly steady in 2024 and represents about 40 percent of borrowers in our sample by the end of April 2024. The share of borrowers with $0 scheduled payments grew a bit in early 2024 and now sits at 20 percent. This isa sharp increase compared to before the payment pause likely due, in part, to the introduction of the SAVE IDR plan in August 2023 which increased the minimum earnings exempt from calculating a borrower's monthly payment due.

FIGURE 1: MONTHLY PAYMENT STATUS FOR STUDENT LOAN BORROWERS SINCE OCTOBER 2023



Source: CFPB CCIP.

Note: Prior to January 2024, there are many gaps in student loan furnishing, so only 81 percent of borrowers have information for their October 2023 payment status, 54 percent for November 2023, and 87 percent for December 2023 compared to more than 99 percent in January through April 2024.

Meanwhile, the share of borrowers in forbearance fluctuated significantly during the first half of 2024, consistent with the on-ramp policy. In January, around 29 percent of borrowers were reported as being in some sort of forbearance or deferment, but that number fell to around 11 percent from February through April. Some of these borrowers were placed into an administrative forbearance due to billing errors[11] or for other reasons. Others likely missed the first three months of payments after the start of repayment on September 1, 2023, and were placed in an automatic forbearance for one month as a result of the Department of Education's on-ramp period policies. The following month, in February, borrowers transitioned from the automatic forbearance back into repayment. Many of these borrowers missed their next scheduled payments, shifting them back into the fourth category of borrowers during February 2024. If these borrowers again missed three payments, they would return to a one-month automatic forbearance via the on-ramp. In all, we estimate that approximately 8.9 million borrowers were placed into a forbearance following several missed payments and benefited from the on-ramp policy at least once since payments restarted in October 2023.

From February through April, the percent of borrowers in each status was mostly steady with a small decrease in the share missing their payments and smaller increases in the other three categories. In Figure 1, we do not show the payment status categories for borrowers in May 2024 because data for around 30 percent of borrowers' was not reported for May.[12] However, as we show in the appendix, most borrowers with a payment status in May remained in the same payment status they had in April, except for borrowers who missed their April payments and were likely affected by the on-ramp policy. Many of the borrowers with a missed April payment and without a reported status in May 2024, would likely be in forbearance in May 2024. See the appendix for a more detailed discussion of borrowers' transitions between payment status across months, including May 2024.

As of April 2024, about 30 percent of borrowers had not made their most recent payment, a share similar to the Department of Education data from March 2024 showing that 27 percent of borrowers with a federal student loan in repayment were 31 or more days delinquent.[13] By comparison, 37 percent of student loan borrowers in a CFPB survey in late 2023 reported they were "not confident at all" they could afford their student loan payments when the payment pause ended.[14]

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[11] The Department of Education directed servicers to place borrowers who received incorrect or late billing statements into an administrative forbearance until the issues were resolved. See Press Release, U.S. Department of Education, Biden-Harris Administration Takes Additional Action to Hold Student Loan Servicers Accountable for Failing to Meet Contractual Obligations (Jan. 5, 2023), https://www.ed.gov/news/press-releases/biden-harris-administration-takes-additional-action-hold-student-loan-servicers-accountable-failing-meet-contractual-obligations

[12] We do not plot data for November 2023 and May 2024 and later due to high rates of missing data on credit records for federal student loans and the increase in forbearances starting in June 2024.

[13] See "Portfolio by Delinquency Status (DL, ED-Held, ED-Owned)" from the Department of Education, available at https://studentaid.gov/data-center/student/portfolio

[14] See Caldwell, et al., "Insights from the 2023–2024 Student Loan Borrower Survey," (November 2024), available at https://www.consumerfinance.gov/data-research/research-reports/insights-from-the-2023-2024-student-loan-borrower-survey/.

For the rest of this report, we use our CCIP data to better understand differences among borrowers by their payment status in April 2024.

2.2 Payment statuses before the payment pause

Having examined whether borrowers are successfully in repayment today, we next look back at the payment statuses of these borrowers prior to the pause. Table 1 and Figure 2 subset borrowers by their payment status pre-pause (February 2020) and post-pause (April 2024). Table 1 shows the share of all borrowers in each of the four payment statuses, as well as an additional category, no previous repayment, which was not previously included in repayment analysis. Figure 2 then shows the April 2024 payment status of borrowers compared to their payment status just before the payment pause.[15]

In February 2020, just over one-third (34 percent) of borrowers in the sample were making their student loan payments, and 31 percent of borrowers were not previously in a repayment plan on a student loan. An additional 13 percent of borrowers were in a forbearance of some kind (but had previously been in repayment at some point).[16] And 19 percent of borrowers had missed payments as of February 2020.[17] Finally, 3 percent of our sample of borrowers had $0 scheduled payments in February 2020. As noted in prior research, this share of borrowers with a $0 scheduled monthly payment in February 2020 likely understates the true share that had $0 scheduled monthly payments, but this appears to be less of an issue in the data post-pause.[18]

[15] The most recently available data at the time of this writing is for June 2024 for around 70 percent of borrowers and April 2024 for the remaining 30 percent. We use the April 2024 status to categorize borrowers so that all borrowers in the sample have a payment status.

[16] This category includes a variety of borrowers, such as those who left school and entered repayment but had returned to school and received an in-school deferment for February 2020. Others may have been in a forbearance in February 2020 due to financial strain or because their IDR application was in process.

[17] This is similar to, but not quite the same as, the 16 percent of borrowers with a delinquency (but not in default) in December 2018 shown in Table 1.

[18] Instead, some borrowers with $0 scheduled payments may have been previously reported as being in a deferment or forbearance in February 2020. See Conkling, Thomas and Christa Gibbs, "Data Point: Borrower Experiences on Income-Driven Repayment," (November 2019), pages 12–18, available at https://files.consumerfinance.gov/f/documents/cfpb_data-point_borrower-experiences-on-IDR.pdf.

The share of borrowers in repayment with $0 scheduled monthly payments before the payment pause is likely closer to 11 percent, rather than the 4 percent reported in Table 1.[19]

TABLE 1: SHARE OF BORROWERS BY PAYMENT STATUS, FEBRUARY 2020 AND APRIL 2024

Payment status	Percent of borrowers in February 2020	Percent of borrowers in February 2020, in repayment only	Percent of borrowers in April 2024
Made payments	34	49	40
$0 sched. payments	3	4	20
Forbearance	13	19	11
Missed payments	19	28	29
No previous repayment	31	–	–

Source: CFPB CCIP.

The second column of Table 1 shows the share of borrowers in each payment status in February 2020 among borrowers who had previous repayment history as of February 2020. Looking just at borrowers with repayment history in February 2020 shows that about half of borrowers were actively making payments. Meanwhile, 28 percent of borrowers had missed their most recent payments in February 2020.

The final column of Table 1 shows the share of borrowers in each payment status in April 2024 for comparison. The share of borrowers actively making payments on their loans fell to 40 percent in April 2024, but the share of borrowers with $0 scheduled monthly payments grew dramatically to 20 percent. Meanwhile, the share of borrowers who missed their most recent payments in April 2024 changed very little from February 2020.

This stable rate of nonpayment from February 2020 to April 2024 comes despite many changes that may have otherwise improved the delinquency rate for federal student loans. For example, most borrowers have access to more generous income-driven repayment plans that can lower payments (potentially to $0). Contributing factors to persistently elevated rates of nonpayment could include the substantial servicing and policy changes over the last few years, such as loan transfers, the introduction of new payment plans, disruption related to legal challenges, and

[19] See Monarrez, Tomás, and Lesley J. Turner, "The Effect of Student Loan Payment Burdens on Borrower Outcomes," (2024) available at https://sites.ed.gov/ous/files/2024/02/The_Effect_of_Student_Loan_Payment_Burdens_on_Borrower_Outcomes.pdf which reports that 30 percent of borrowers in repayment were enrolled in an IDR plan in 2018, and 36 percent of borrowers enrolled in an IDR plan qualified for a $0 monthly payment.

documented servicing errors for millions of accounts.[20] Additionally, the end of the payment pause also includes the largest number of borrowers ever entering repayment simultaneously for the first time.[21] Collectively, these factors may contribute to higher delinquencies or lower-than-expected participation in IDR plans despite the expanded coverage for more low-income federal student loan borrowers.

Turning to Figure 2, the first row shows the percent of student loan borrowers in each payment status in April 2024 among borrowers who were making their student loan payments as of February 2020. More specifically, 63 percent of borrowers who were making their payments before the pause were also making them after the pause. Meanwhile, 13 percent of borrowers making pre-pause payments transitioned to $0 scheduled payments after the pause, and 17 percent had missed their April 2024 payments.

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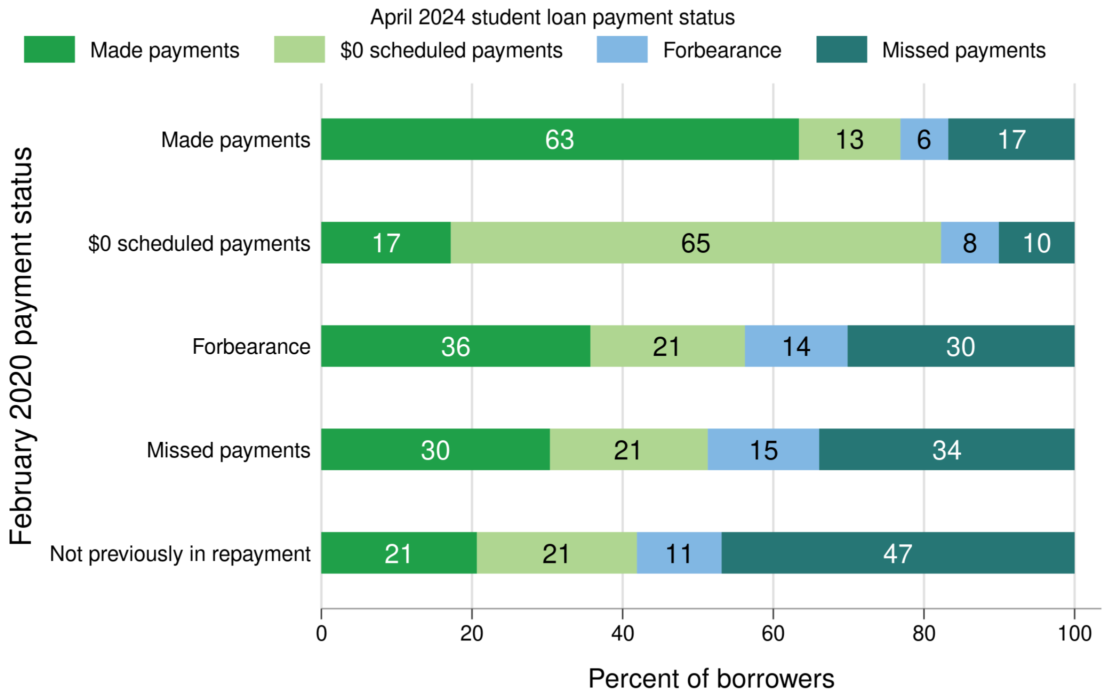
[20] CFPB "Issue Spotlight: Federal Student Loan Return to Repayment" (January 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_federal-student-loan-return-to-repayment-report_2024-01.pdf

[21] In a typical year, a new cohort of borrowers leaves school and enters repayment about six months later, but that transition was interrupted during the payment pause resulting in more than three years' worth of borrowers transitioning into repayment at one time.

FIGURE 2: STUDENT LOAN BORROWERS' APRIL 2024 PAYMENT STATUS BY PRE-PAUSE PAYMENT STATUS (FEB. 2020)



Source: CFPB CCIP.

We see a similar pattern for borrowers with $0 scheduled payments prior to the pause in the second row. Nearly two-thirds of borrowers with a $0 scheduled payment prior to the pause still had a $0 scheduled payment in April 2024, and 17 percent had transitioned to making payments greater than $0.[22] Ten percent of borrowers with pre-pause $0 scheduled payments had missed their April 2024 payment.

Borrowers in deferment or forbearance just before the payment pause (but previously been in repayment at some point) are shown in the third row. Overall, these borrowers in forbearance in February 2020, were somewhat more likely to be making payments (36 percent) than missing payments (30 percent) in April 2024. An additional 21 percent of these borrowers transitioned to $0 scheduled payments, and 14 percent were again in forbearance or deferment as of April 2024.

The fourth row shows how borrowers who missed their payments just before the pause are currently faring. About half (47 percent) of these borrowers who had missed payments prior to

[22] Borrowers who were on an IDR plan prior to the payment pause have not yet been required to recertify their income, but borrowers may have submitted a new IDR application with different income information.

the pause were still missing payments in the most recent data after the pause. However, nearly as many borrowers who missed their payments in February 2020 had transitioned to making their payments or a $0 scheduled payment in April 2024 (21 percent for both categories).

Finally, borrowers not previously ever in repayment prior to the payment pause are more than twice as likely to have missed making their April 2024 payment than to have made their payment (47 versus 21 percent, respectively). These borrowers are experiencing an introduction to repayment, rather than a return, potentially after a long period since leaving school. These newer borrowers have not had the usual transition entering repayment at the same time as millions of other borrowers returned to repayment (many of them with new servicers), which may have further complicated their ability to navigate new systems and repayment plans. Just over one-in-five borrowers not previously in repayment had a $0 scheduled payment as of April 2024, similar to borrowers overall.

Overall, there has been a lot of stability in overall student loan repayment and delinquency rates between February 2020 and April 2024. But the overall small changes in total repayment and delinquency rates masks shifts among repayment statuses for individual borrowers.

2.3 Borrower characteristics at the end of the payment pause

In this section, we provide additional detail on the characteristics of borrowers, depending on their payment status after the pause. We see indicators of financial distress for borrowers not making student loan payments in Table 2. For example, student loan borrowers who have successfully made scheduled payments greater than $0 are much less likely to live in low-income tracts.[23] During the time period studied, with the SAVE plan, federal student loan borrowers reporting a household income that is below 225 percent of the poverty threshold were exempt from monthly payment calculations, and a relatively large share (24 percent) of borrowers with $0 scheduled payments live in these tracts. A similar share (23 percent) missed making their recent student loan payments, suggesting that many of these borrowers with missed payments may benefit from enrollment in an IDR plan and may be eligible for a $0 scheduled payment.

[23] As in prior reports on borrowers during the payment pause, we define low-income tracts as those where 40 percent of more of adults in the tract have household incomes below 200 percent of the Federal poverty threshold.

TABLE 2: STUDENT LOAN BORROWER CHARACTERISTICS AT END OF PAUSE (SEP. 2023) BY APRIL 2024 PAYMENT STATUS

April 2024 payment status	Percent low-income tract	Median student loan balance	Share with student loan servicing transfer	Mean number of risk factors
All borrowers	18	$22,151	64	0.69
Made payments	11	$24,311	65	0.50
$0 sched. payments	24	$27,231	68	0.84
Forbearance	21	$24,223	59	0.73
Missed payments	23	$15,307	63	0.85

Source: CFPB CCIP.

Borrowers with missed payments have much lower student loan balances than borrowers who made their payments or have $0 scheduled payments. This is consistent with prior research that has shown that borrowers who default on their federal student loans are more likely to have not completed their degree or program and to have lower federal student loan balances.[24]

During the payment pause, several servicers stopped servicing federal loans, resulting in more than half of all federal student loan borrowers undergoing a student loan servicing transfer. But these transfers were not related to borrower characteristics overall, and they do not appear to have dramatically affected borrower outcomes. That is, borrowers with missed payments are only slightly more likely to have had a transfer than borrowers who made their payments.

Finally, in our prior analysis of the payment pause, we noted five potential risk factors for repayment difficulties that after the pause we were monitoring: (1) delinquency on student loans in February 2020, (2) likely use of IDR plans prior to the pandemic, (3) multiple student loan servicers, (4) delinquency on active non-student loan products from April 2020 to September 2023, and (5) new non-medical collections reported from April 2020 to September 2023. In our last update (through February 2023), we noted that nearly 20 percent of borrowers had two or more risk factors, and we find a similar share of borrowers with two or more of these risk factors as of September 2023 (not shown). The number of these risk factors was higher on average for borrowers who currently have $0 scheduled payments (0.84 risk factors) and borrowers who

[24] See Blagg, Kristin, "Underwater on Student Loan Debt" (2018), available at https://www.urban.org/sites/default/files/publication/98884/underwater_on_student_debt_0.pdf, Scott-Clayton, Judith, "The looming student loan crisis is worse than we thought" (2018), available at https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf, and Mezza, Alvaro, and Kamila Sommer, "A trillion-dollar question: What predicts student loan delinquencies?" (2015), available at https://kamilasommer.net/Student_loans_delinquencies.pdf.

missed their April 2024 payments (0.85 risk factors), as compared to those who made their payments (0.50 risk factors).[25]

[25] Replacing the third factor, multiple student loan servicers prior to the pause, with a student loan servicing transfer during the pause increases the average number of risk factors for all federal student loan borrowers, but especially for those with a $0 scheduled payment and those who missed their April 2024 payment (1.38 and 1.33 factors, respectively).

3. How student loan borrowers are faring with other credit

Next, we turn to non-student loan credit to get a more complete picture of how student loan borrowers are faring financially. This helps assess whether difficulties making student loan payments are reflective of fundamental financial distress for households.

3.1 Other credit use at the end of the payment pause

In Table 3, we see that student loan borrowers not making student loan payments were also struggling with other credit products at the end of the payment pause and before student loan payments were due. A high credit card utilization rate, such as borrower using 90 percent or more of their available credit on credit cards, is a known indicator of consumer distress and potential future delinquencies overall.[26] The share of student loan borrowers with high utilization is around three times higher for borrowers with $0 scheduled payments, in forbearance, or with missed payments than borrowers who made their April 2024 payments. This suggests borrowers who were not actively making payments in April 2024 were already more financially constrained than borrowers making payments even before the payment pause ended.

[26] Haughwout, Andrew, et al., "Delinquency is Increasingly in the Cards for Maxed-Out Borrowers" (May 2024), *Liberty Street Economics*, available at https://libertystreeteconomics.newyorkfed.org/2024/05/delinquency-is-increasingly-in-the-cards-for-maxed-out-borrowers/.

TABLE 3: USE AND PAYMENT PERFORMANCE ON OTHER CREDIT AT END OF PAUSE (SEP. 2023) BY APRIL 2024 PAYMENT STATUS

April 2024 payment status	Percent with high credit utilization rate	Share with non-student loan delinquency	Percent with new non-medical collection
All borrowers	16	10	19
Made payments	7	4	5
$0 sched. payments	20	13	25
Forbearance	24	14	25
Missed payments	24	16	33

Source: CFPB CCIP.

We see similar patterns of financial distress by student loan payment status when looking at non-student loan debts; four percent of student loan borrowers who made their payments in April 2024 had a delinquency of 60 days or more on a non-student loan credit account when the pause ended, but 13 percent of borrowers with $0 scheduled payments and 16 percent of those with missed student loan payments in April 2024 had a non-student loan delinquency at the end of the payment pause. Likewise, borrowers with $0 scheduled payments or who missed their April 2024 payments were five times more likely to have a non-medical collection appear on their credit record during the payment pause than borrowers who made their student loan payments[27] and about three times more likely to be using 90 percent or more of their total credit card limit.

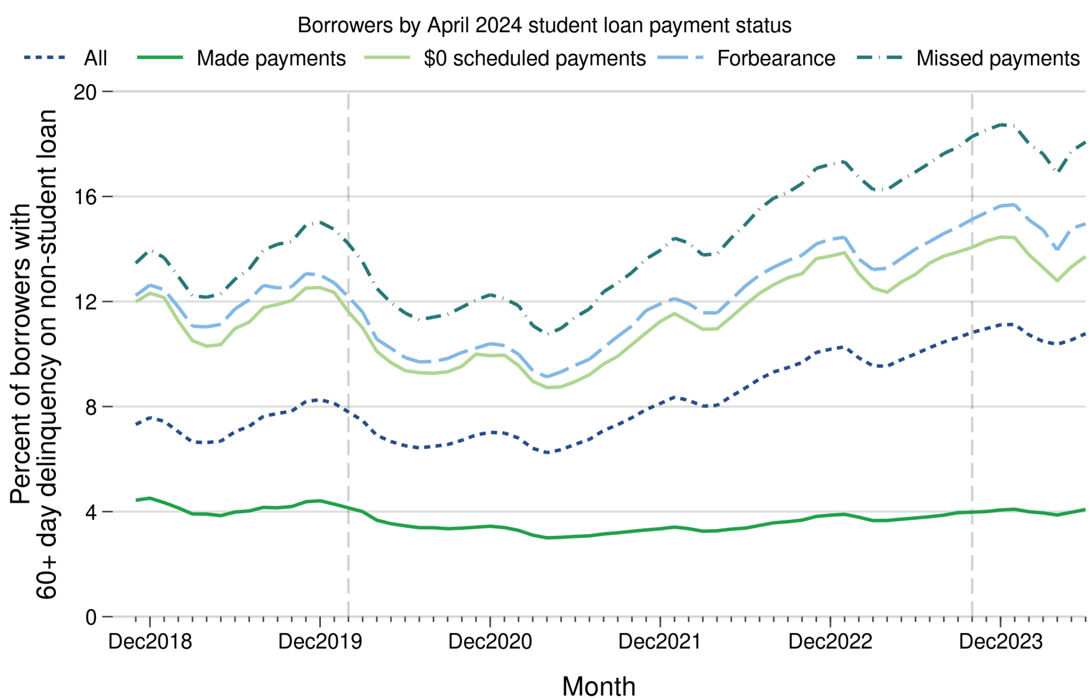
3.2 Changes in non-student loan debt since repayment restarted

Student loan borrowers continue to struggle with other debts. We next show how this has evolved over the past 6 years, from pre-pandemic to post-payment pause. The patterns differ significantly between borrowers making their student loan payments and borrowers who are not.

[27] We consider only non-medical collections rather than medical collections because prior CFPB research has shown medical collections are less predictive of future payment performance (see Kambara, Michelle, and Kenneth P. Brevoort, "Medical Debt and Credit Scores," *Consumer Financial Protection Bureau Office of Research Reports Series 14-2* (2014), available at https://www.consumerfinance.gov/data-research/research-reports/data-point-medical-debt-and-credit-scores/). Additionally, many medical collections have been removed from credit records over the last few years.

Figure 3 shows delinquencies of 60 days or more on non-student loan credit accounts over time by borrowers' April 2024 student loan payment status. Overall, non-student loan delinquencies are low for borrowers who made their April 2024 student loan payments. Non-student loan delinquencies fell during the early part of the COVID-19 pandemic as various support policies helped consumers cope with the economic consequences of the pandemic, but as those policies expired, delinquency rates for borrowers making their payments returned to pre-pandemic levels.[28]

FIGURE 3: DELINQUENCIES ON NON-STUDENT LOAN ACCOUNTS ARE HIGHEST FOR STUDENT LOAN BORROWERS WITH MISSED PAYMENTS



Source: CFPB CCIP.

Note: Vertical dashed gray lines indicate the last month (February 2020) student loan payments were due before the federal student loan payment pause and the first month payments were due (October 2023) after the payment pause.

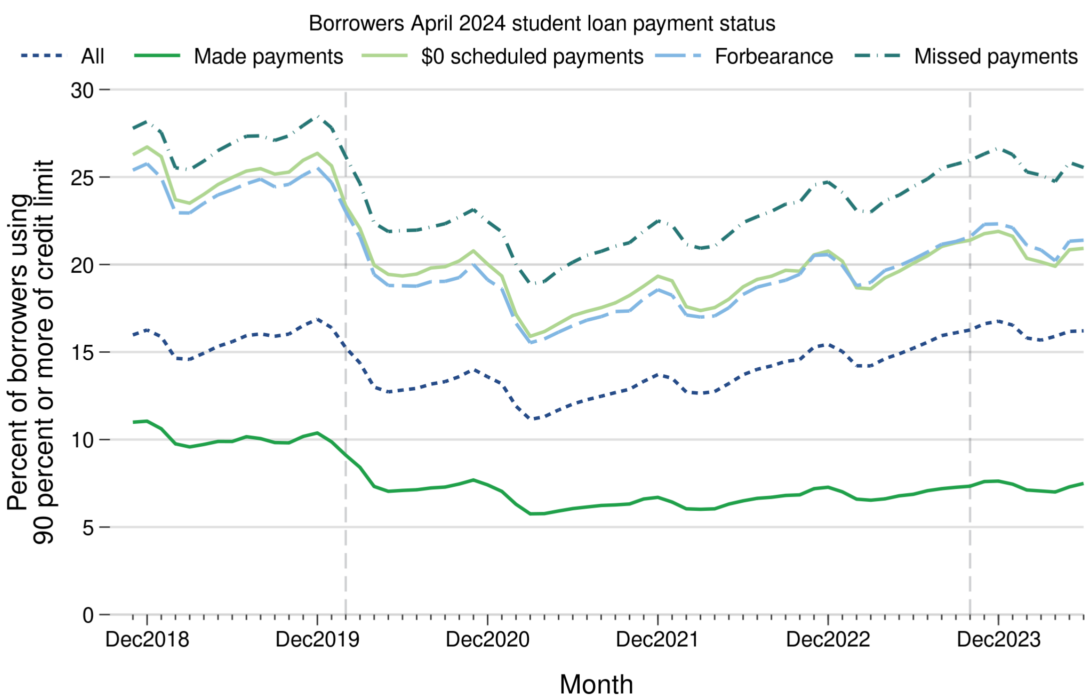
However, for all other student loan borrowers, non-student loan delinquencies are above their pre-pandemic rates, although this increase preceded the resumption of student loan payments by about one year. Currently delinquency rates are on their typical downward seasonal trend,

[28] Conkling, Thomas and Christa Gibbs, "Office of Research blog: Update on student loan borrowers as payment suspension set to expire" (June 2023), available at https://www.consumerfinance.gov/about-us/blog/office-of-research-blog-update-on-student-loan-borrowers-as-payment-suspension-set-to-expire/.

but this pattern usually reverts by late spring.[29] Non-student loan delinquency rates are highest for borrowers who have also missed their student loan payments, followed by borrowers with a forbearance or deferment. Borrowers with $0 scheduled payments also have elevated delinquency rates (more than three times as high as for borrowers who made payments greater than $0), but three-quarters the rate of borrowers who missed making their student loan payments.

High credit utilization rates have not returned to pre-pandemic levels but otherwise follow a similar pattern as delinquencies on non-student loan accounts (Figure 4). Borrowers who have missed their April 2024 student loan payments, are in forbearance, or have $0 scheduled payments have much higher rates than borrowers who made their payments.

FIGURE 4: BORROWERS WITH MISSED PAYMENTS OR NO PAYMENTS DUE ARE MUCH MORE LIKELY TO HAVE HIGH CREDIT CARD UTILIZATION RATES



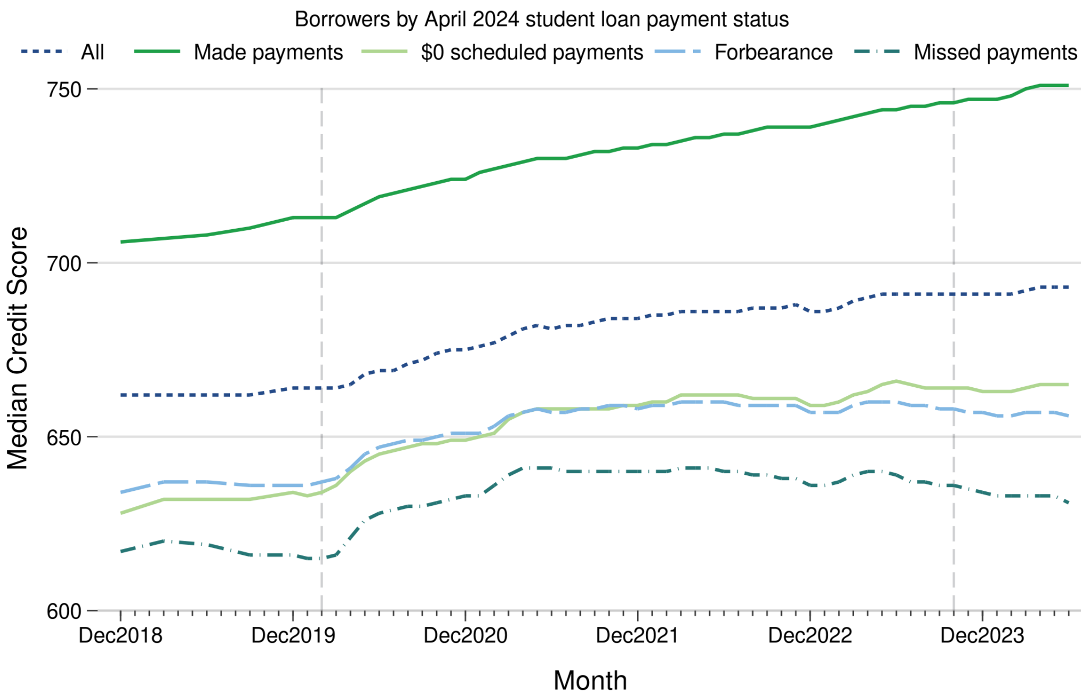
Source: CFPB CCIP.

Note: Vertical dashed gray lines indicate the last month (February 2020) student loan payments were due before the federal student loan payment pause and the first month payments were due (October 2023) after the payment pause.

[29] For more on seasonal trends in credit card delinquency, see Drukker, Leonel and Scott Nelson, "Quarterly consumer credit trends: End-of-year credit card borrowing" (June 2018), available at https://www.consumerfinance.gov/data-research/research-reports/quarterly-consumer-credit-trends-end-year-credit-card-borrowing/.

Finally, Figure 5 shows the rising median credit score since December 2018 by borrowers' April 2024 payment status. The credit score increase has been steady over the last four and a half years for borrowers who made their April 2024 payments. For all other borrowers, median credit scores increased sharply at the start of the pandemic, as prior student loan delinquencies were reported as current and credit utilization rates fell. Credit scores for borrowers with $0 scheduled payments remained largely stable since then, aside from small increases at the beginning of each year.

FIGURE 5: CREDIT SCORES CONTINUE UPWARD TREND FOR BORROWERS WITHOUT MISSED PAYMENTS AND CONTINUE DOWNWARD TREND FOR BORROWERS WITH MISSED PAYMENTS



Source: CFPB CCIP.

Note: Vertical dashed gray lines indicate the last month (February 2020) student loan payments were due before the federal student loan payment pause and the first month payments were due (October 2023) after the payment pause.

By contrast, the typical borrower with missed student loan payments or deferred student loan payments has experienced a decrease in their credit score since early 2023, but this is smooth across the resumption of student loan payments. That is, this score decrease preceded the student loan payment restart and appears to be more the result of rising delinquency rates and high credit utilization rates for these borrowers.

Relatedly, median credit scores for borrowers who missed their student loan payments are also substantially lower than for borrowers who have made their payments: 750 for borrowers who made their payments versus 627 for those who missed their payments. About 45 percent of borrowers who missed their student loan payments have a deep subprime credit score compared to only 8 percent of borrowers who made their payments and 31 percent of borrowers with $0 scheduled payments.[30]

[30] A deep subprime credit score is a score below 580. Consumers with scores in this range are less likely to be approved for many credit products and more likely to face much higher rates when they are approved for access.

4. Conclusion

Borrowers who missed their April 2024 student loan payments are more likely to be behind on other debts than those who have successfully made their payments. Our finding suggests many of these borrowers are missing payments because they are struggling in general and not because they are strategically delaying payments during the on-ramp period. This is consistent with survey evidence from the Federal Reserve Bank of Philadelphia's January 2024 report showing that more than half of borrowers who did not make their full payment in October 2023 reported they did not because they could not afford their payment, while only 15 percent did not make a payment because the delinquency would not be reported, and an additional 11 percent chose not to make a payment.[31]

Borrowers missing their student loan payments have similar characteristics as borrowers with $0 scheduled payments, including living in lower income areas, but they are even more likely to be struggling with non-student loan debts. Many of these struggling borrowers would likely benefit from enrolling in IDR plans to lower their scheduled monthly payments (possibly to $0), but long servicer call wait times, problems with IDR processing or documentation, and a lack of awareness about plan options may be preventing enrollment.[32] The share of borrowers making their payments or with $0 scheduled payments slowly increased since repayments restarted, but many borrowers are now at risk of credit reporting and collection consequences of nonpayment if they do not start making their payments or enroll in lower (or $0) scheduled payment plans. Uncertainties about the availability of specific IDR plans, like SAVE, are likely to create additional hurdles for borrowers trying to enroll now and underscore the importance of additional research in this area.[33]

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[31] Monarrez, Tomás and Dubravka Ritter, "Borrower Transitions into Student Loan Repayment: Evidence from Fall 2023 Consumer Survey Data" (January 2024), available at https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/cfi-sl-1-payments-resumption.pdf.

[32] See CFPB, "Supervisory Highlights: Servicing and Collection of Consumer Debt" (Summer 2024), available at https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-34_2024-07.pdf, CFPB "Supervisory Highlights: Student Loan Servicing Special Edition" (Fall 2022) available at https://files.consumerfinance.gov/f/documents/cfpb_student-loan-servicing-supervisory-highlights-special-edition_report_2022-09.pdf, and Monarrez, Tomás, and Dubravka Ritter, "SAVE Your Guesses: Borrower Expectations for Enrollment in the New SAVE Income-Driven Repayment Plan" (January 2024) available at https://www.philadelphiafed.org/-/media/frbp/assets/consumer-finance/reports/cfi-sl-payments-3-resumption.pdf?la=en&hash=485321B075C9D1DE763F23CC2C912380.

[33] As of July 18, 2024, the Department of Education has been enjoined from implementing certain elements of the SAVE plan for some borrowers due to court orders ongoing litigation, and all borrowers enrolled in the plan are in an automatic forbearance as of this writing. For more information, see https://studentaid.gov/announcements-events/save-plan.

The CFPB will continue to monitor return to repayment through its supervision, complaint handling, and market monitoring functions and provide outreach and information for borrowers and those working to help borrowers navigate their student loan repayment options. In addition to following developments with our CCIP data, we will continue to use our Student Loan Borrower Survey to understand borrowers' repayment experience.[34]

[34] See Caldwell, et al., "Insights from the 2023–2024 Student Loan Borrower Survey," (November 2024), available at https://www.consumerfinance.gov/data-research/research-reports/insights-from-the-2023-2024-student-loan-borrower-survey/.

APPENDIX A: MONTHLY STUDENT LOAN PAYMENT STATUS TRANSITIONS

In this appendix, we show how borrowers transition between different payment statuses each month based on their payment status from the prior month. Due to delays and gaps in servicers reporting on federal student loans to the consumer reporting agencies, payment statuses are missing for some borrowers in some months. For example, around half of borrowers have an unknown payment status in November 2023 in our CCIP data. Unknown payment statuses again spike in May 2024 for around 30 percent of borrowers overall, and this missing rate is slightly higher for borrowers who had a $0 scheduled payment in April 2024.

Table 4 shows the percent of borrowers in each payment status each month among borrowers who made their payments in the prior month. For example, among all borrowers who made their payments in February 2024 in our data, 90 percent of them made their payments in March 2024 and 1 percent of them moved to $0 scheduled payments. Additionally, 7 percent of borrowers went on to miss their payments in March, 2 percent had their loans in forbearance, and 1 percent are unknown because the information for that March does not appear in our CCIP data for those borrowers.

TABLE 4: MONTHLY PAYMENT STATUS TRANSITIONS AMONG BORROWERS WHO MADE PAYMENTS IN THE PRIOR MONTH

	Made payments	$0 sched. payments	Forbearance or deferment	Missed payments	Unknown
Nov. 2023	43	0	1	4	51
Dec. 2023	89	0	1	9	1
Jan. 2024	90	1	2	6	1
Feb. 2024	90	0	2	7	0
Mar. 2024	90	1	2	7	1
Apr. 2024	91	0	2	6	0
May 2024	69	0	1	5	25
Jun. 2024	72	0	3	7	18

Source: CFPB CCIP.

Note: Rows may not sum to 100 due to rounding.

Overall, Table 4 shows that about 90 percent of borrowers who made their payment in one month did so in the following month (when we observe the payment status the following month).

Turning to borrowers who had a $0 scheduled payment in Table 5, we see an even larger share (typically 96 percent) remain in the same payment status. The Department of Education has repeatedly extended the recertification deadline for IDR plans, so borrowers have not yet needed to submit paperwork to determine their monthly payment amounts (including those with $0 scheduled payments).[35] While we do not know the May 2024 payment status for 41 percent of borrowers with a $0 scheduled payment in April 2024, most of these borrowers likely continued to have a $0 scheduled payment in May, as the decline in the unknown share from May to June was roughly equal to the increase in the share with a $0 scheduled payment over the same period.

TABLE 5: MONTHLY PAYMENT STATUS TRANSITIONS AMONG BORROWERS WHO HAD $0 SCHEDULED PAYMENTS IN THE PRIOR MONTH

	Made payments	$0 sched. payments	Forbearance or deferment	Missed payments	Unknown
Nov. 2023	1	35	1	0	64
Dec. 2023	3	91	1	3	2
Jan. 2024	3	91	3	2	1
Feb. 2024	1	96	1	1	0
Mar. 2024	1	96	2	1	0
Apr. 2024	1	96	2	1	0
May 2024	1	56	2	0	41
Jun. 2024	1	74	1	1	24

Source: CFPB CCIP.

Note: Rows may not sum to 100 due to rounding.

The payment status for borrowers whose loans are in a deferment or forbearance the preceding month are less stable. Borrowers may be in forbearance for a variety of reasons including the on-

[35] See "Income-Driven Repayment (IDR) Recertification Deadline Extended" from U.S. Department of Education available at https://studentaid.gov/announcements-events/idr-recertification-extended.

ramp policy (following three months of missed payments), due to a billing error,[36] IDR application processing, returning to school, and other reasons. As a result, the "typical" payment status for borrowers the month after a forbearance is not consistent. For example, Table 6 shows that in most months following a forbearance, around 30 percent of borrowers miss their payment in the next month, but this jumped to 69 percent of borrowers missing payments in February 2024 after having a forbearance in January because many of the borrowers with a forbearance in January were likely affected by the automatic forbearance under the on-ramp policy. By contrast, the share of borrowers with a forbearance in February who transitioned to a missed payment in March dropped back to 33 percent.

TABLE 6: MONTHLY PAYMENT STATUS TRANSITIONS AMONG BORROWERS WHOSE LOANS WERE IN FORBEARANCE IN THE PRIOR MONTH

	Made payments	$0 sched. payments	Forbearance or deferment	Missed payments	Unknown
Nov. 2023	2	2	24	11	60
Dec. 2023	6	7	64	20	4
Jan. 2024	16	16	37	29	2
Feb. 2024	4	5	21	69	1
Mar. 2024	6	9	50	33	1
Apr. 2024	6	6	56	31	1
May 2024	4	4	35	25	32
Jun. 2024	2	4	18	62	15

Source: CFPB CCIP.

Note: Rows may not sum to 100 due to rounding.

The share of borrowers transitioning from a forbearance to making payments is typically around 6 percent most months, except from December 2023 to January 2024 when this jumped to 16 percent. This is likely because many borrowers with a forbearance in late 2023 were on an automatic forbearance due to billing or servicing issues, so the composition of borrowers with a forbearance was very different. The pattern for borrowers transitioning from a forbearance to a $0 scheduled payment is very similar.

[36] See https://www.ed.gov/news/press-releases/us-department-education-announces-withholding-payment-student-loan-servicer-part-accountability-measures-harmed-borrowers.

Finally, Table 7 shows borrowers' payment status transition after they have missed their most recent payment. In most months without a lot of missing data for borrowers, around three-quarters of borrowers with a missed payment go on to miss their payment the following month. The exception to this pattern is January 2024 when only 27 percent of borrowers who missed their December 2023 payment missed their January 2024 payment. Instead, nearly 60 percent of borrowers with a missed payment in December 2023 were reported with a forbearance in January 2024, consistent with the on-ramp policy. Additionally, around 13 percent of borrowers with a missed payment in most months transition to making their payments the following month, while less than 1 percent transition to $0 scheduled payments.

TABLE 7: MONTHLY PAYMENT STATUS TRANSITIONS AMONG BORROWERS WHO MISSED PAYMENTS IN THE PRIOR MONTH

	Made payments	$0 sched. payments	Forbearance or deferment	Missed payments	Unknown
Nov. 2023	6	1	2	32	59
Dec. 2023	13	1	9	75	1
Jan. 2024	13	1	59	27	1
Feb. 2024	18	1	18	62	1
Mar. 2024	10	1	9	79	0
Apr. 2024	11	1	11	78	0
May 2024	6	0	42	22	29
Jun. 2024	13	1	15	50	21

Source: CFPB CCIP.

Note: Rows may not sum to 100 due to rounding.