Student Loan Repayment Since the Payment Restart

Using Credit Bureau Data to Assess Borrower Progress

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January 2026

After more than three years of the COVID-19 payment pause, most federal student loan borrowers were required to start making payments in late 2023. Protections from negative consequences of missed payments were removed in late 2024. In this brief, I use credit bureau data to assess borrowers' progress making payments in the two years since the end of the payment pause and compare repayment outcomes with those in prepandemic years. I find that borrowers are paying down balances more slowly than before the payment pause, and recent delinquency rates have reached prepandemic levels and are likely to continue rising. These findings suggest default rates will spike over the next several months. This brief offers policy options for providing smoother pathways out of default, protecting the most vulnerable defaulted borrowers, and preventing future defaults.

Restarting Payments After the Student Loan Pause

In October 2023, most federal student loan borrowers were required to start making monthly payments again after more than three years of the COVID-19 payment pause.[1] For the first year after restarting payments, borrowers were protected from most consequences of missed payments, including delinquency reporting to credit bureaus and default. Interest continued to accrue during this time, but borrowers were not otherwise penalized for missing payments until October 2024. Defaulted borrowers also had one year after restarting payments to enroll in the Fresh Start program, which would transfer their loans out of default and erase the default from their credit record.[2]

After more than three years without required payments, getting borrowers engaged with the loan system again is a challenge.[3] And many newer borrowers had no experience with making required payments each month because they took out their first loans during the pause or were still in school, and therefore in deferment, when the pause started. Additionally, the creation of the Saving on a Valuable Education (SAVE) income-driven repayment (IDR) plan and then the plan being held up in court created more confusion for borrowers.[4] These conditions created circumstances that could cause borrowers to struggle making payments and to have difficulty navigating the federal student loan system. Research has shown that student loan delinquencies are rising, causing borrowers' credit scores to fall.[5]

Now that borrowers have been responsible for making payments for a full year since the "on-ramp" protections were removed, I assess the progress borrowers have made and compare repayment trends since the restart with prepandemic trends.

How Have Balances Changed Since Restarting Payments?

I use data from one of the three major credit bureaus from 2015 to 2025 to examine repayment trends. The data include a random sample of all Americans with credit records and are collected in August of each year.[6] These records have the amount of student debt (federal and private combined) a borrower holds, the status of that debt, expected monthly payments, the number of student loan delinquencies in the past 24 months, borrowers' credit scores, and information on other types of debt.

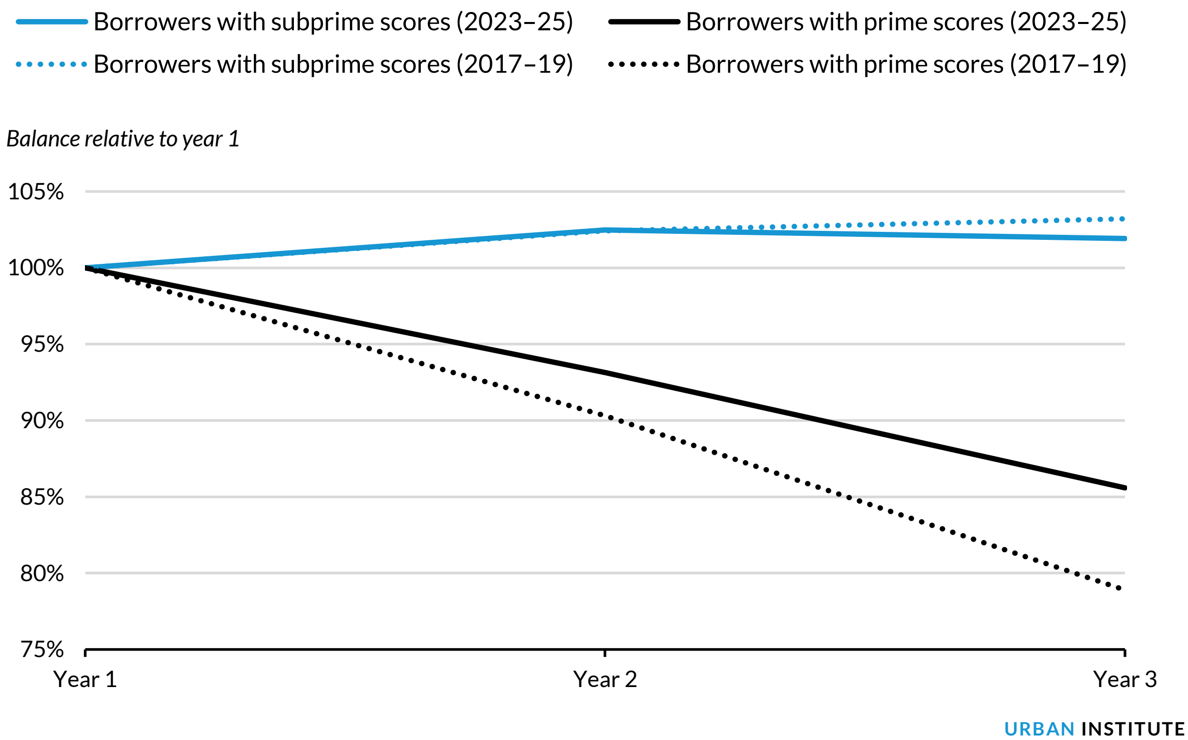
Examining how student loan borrowers' balances have changed since the end of the payment pause is a helpful indicator of how much progress borrowers are making paying down their loans, particularly relative to before the pause. I examine balances for two groups of borrowers. The first group was in active repayment on their student debt in August 2017, and the second held student debt in active repayment in August 2023. I track balances for these borrowers over the following two years. The comparison between these groups can help us understand how balances are changing since the payment pause ended and how that compares with loan repayment before the pause.

The typical borrower with a prime credit score (above 660) appears to be paying down their balances. These borrowers, at the median, had a balance in August 2025 that was 86 percent of what it was two years prior, meaning they had paid down their balance by 14 percent (figure 1). But compared with trends before the payment pause, these prime-credit borrowers appear to be paying down their debt more slowly. Borrowers who were in repayment in 2017 had a median balance in 2019 that was 21 percent lower than it had been two years prior. For borrowers with subprime credit scores, who might be experiencing financial strain, balances have not substantially deviated from prepandemic trends. This group's median balance in August 2025 was 2 percent higher than in August 2023, just before the payment pause ended, similar to borrowers before the pause who had a median balance that was 3 percent greater in year 3 than in year 1.

FIGURE 1

Change in Balances for Borrowers in Repayment Before and After the Payment Pause, by Credit Score

Prime-credit-score borrowers' balances are declining more slowly than before the payment pause



Source: Urban Institute analysis of credit bureau data.
Notes: Credit scores are VantageScore 3.0 scores. Prime credit scores are above 660. Subprime scores are 660 and below. Credit scores are measured in year 1. The figure includes only borrowers who were in repayment during the first year.

There are several possible reasons for this trend of prime-credit borrowers' balances declining more slowly after the payment pause than before. There could be previously defaulted borrowers who enrolled in the Fresh Start program, which moves their loans into repayment and clears their credit record of default, and they could be more likely to be making smaller payments or missing payments. Borrowers could also be less likely after the pause to be paying more than their required monthly payments than they were before 2020, particularly because they were not used to making monthly payments on their student loans for more than three years. Increased use of IDR plans could be contributing to borrowers making smaller payments, too, as students stretch out their repayment periods and pay down their balances more slowly.

Another possibility is that some borrowers are missing occasional payments. Past research has found almost 30 percent of borrowers were past due on their payments a few months after the restart (GAO 2024). Because borrowers were protected from negative credit reporting and delinquency status from missed payments for one year after the pause ended, some borrowers could have been less consistent in making payments during that time, particularly if they had competing bills to prioritize and were not experiencing the negative consequences of missing student loan payments. Any of these reasons could lead to the trends we see in balances, and it will be important to continue monitoring these trends as we get further from the payment pause and as new repayment plans are implemented.

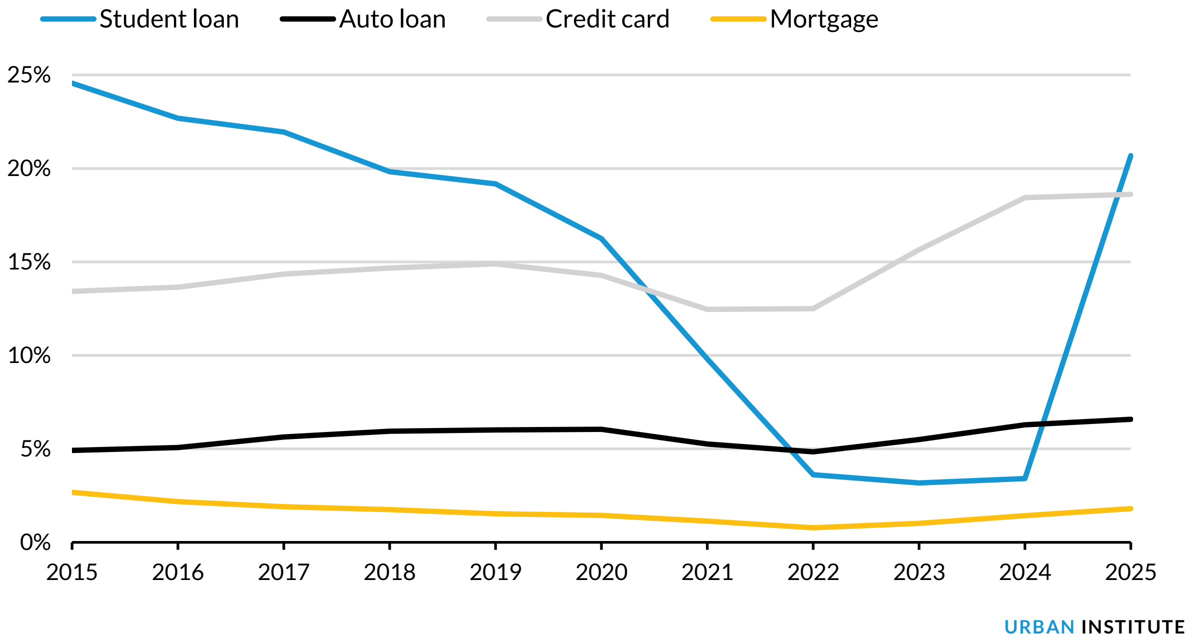
How Many Borrowers Are Missing Payments?

Credit bureau data allow us to see whether a borrower has had a student loan delinquency (60 or more days past due) reported in the past 24 months. Leading up to the student loan payment pause, the share of borrowers with a recent student loan delinquency had declined from 25 percent in 2015 to 19 percent in 2019 (figure 2). Because borrowers were put into administrative forbearance during the payment pause and were protected from negative credit reporting for a year after the pause, only borrowers with private student loans and a very small share of those with federal loans could have had a reported delinquency between March 2020 and September 2024. The recent delinquency rate dropped to 3 percent during this time. In August 2025, nearly one year after these protections were lifted, the share of borrowers with a recent delinquency was 21 percent.

This measure has already reached similar levels as before the pause began, but it is likely to continue increasing because we observe the share with a delinquency in the past 24 months, but in August 2025, for most borrowers, this means a delinquency in the past 11 months. These borrowers' delinquencies will still be within the past 24 months in August 2026, in addition to any newly delinquent borrowers during that one-year span. Based on this finding, it is possible that by August 2026, the share of borrowers with a recent delinquency could be greater than at any point since at least 2015.

FIGURE 2

Share of Student Loan Borrowers with At Least One Delinquency in the Previous 24 Months, by Debt Type



Source: Urban Institute analysis of credit bureau data.
Notes: The figure includes only borrowers who hold student loan debt and allows borrowers to enter and exit the panel. Delinquency is defined as being 60 or more days past due. Student loan delinquencies often are not reported until they are at least 90 days past due. Because of data limitations, I use a 60-day measure.

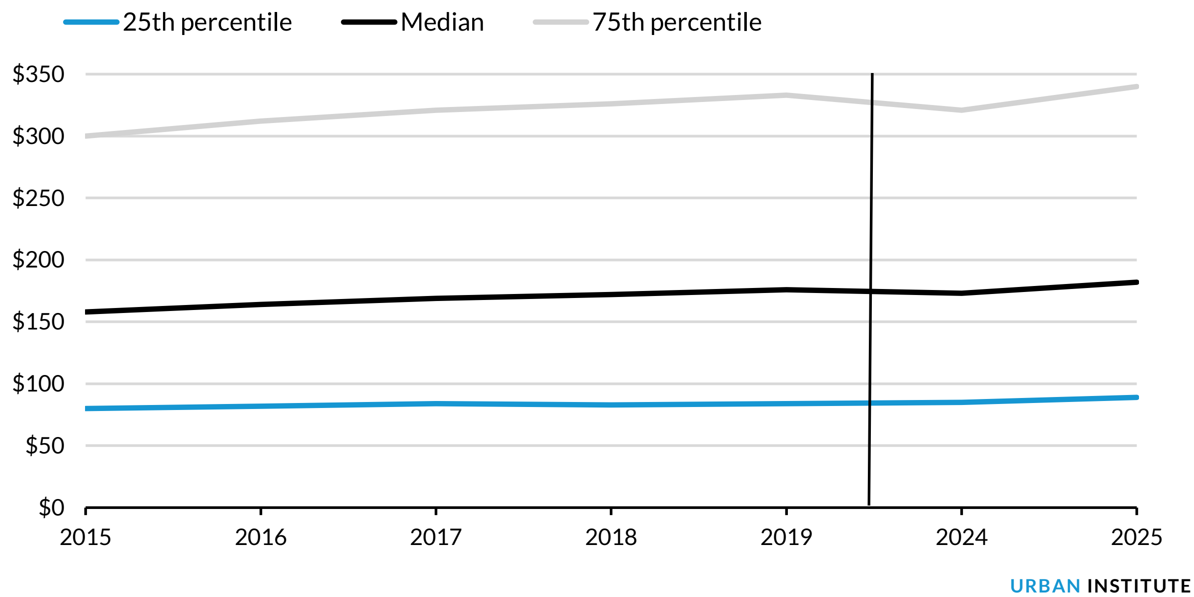
Relative to auto loans, credit cards, and mortgages, student loans are now the most likely payment for borrowers to miss, even after a postpandemic increase in credit card delinquencies among these same borrowers. This change is a return to how student loan delinquencies compared with other types of debt before the payment pause began.

How Have Monthly Payments Changed?

Required monthly payment amounts can help us understand borrowers' financial burdens from their student loans and whether they have changed since before the payment pause. I examine monthly payments for borrowers in repayment each year from 2015 to 2025 (excluding 2020 through 2023 because most student loan borrowers did not have to make payments in those years) and find that monthly payments, at the median, were $176 in 2019, the last year before the payment pause (figure 3). The median monthly payment for this group in 2024 was $173, and in 2025, it was $182. This small increase in 2025 could be the result of borrowers enrolled in the SAVE plan, which lowered payments, being placed in forbearance and therefore dropping out of our sample. This trend is similar at the 25th and 75th percentile monthly payments. Required payments in 2024 were about the same as or slightly less than in 2019 and then saw a small increase in 2025. Overall, required payments have increased modestly since 2015 in nominal terms but have decreased in real terms. At the median, payments were $158 in 2015 and $182 in 2025. In 2025 dollars, this is equivalent to a decrease from $215 to $182. This decrease in real terms could be a result of increased use of IDR plans,[7] in addition to the fact that undergraduate loan limits have not increased since 2008 and have lost some purchasing power, keeping undergraduate borrowing down in real terms (Delisle and Blagg 2022).

FIGURE 3

Required Monthly Student Loan Payments



Source: Urban Institute analysis of credit bureau data.
Notes: The figure includes only borrowers who held student loan debt in repayment. The vertical line represents the payment pause.

These data suggest that broadly, monthly payments have changed very little from before the payment pause until now. Individual borrowers, of course, could have seen large increases or decreases. One reason a borrower could have had an increased monthly payment is if they had been enrolled in an IDR plan and their income substantially increased, or if they did not recertify their income and household size and were moved to the standard fixed payment plan as a result. Overall, since monthly obligations have held relatively steady, it is likely that any increased delinquency rates compared with before the payment pause are an indication of disconnection with the loan system and servicers or an increase in other financial pressures among borrowers, which advocates have warned about.[8]

Policy Implications and Future Research

Findings from this analysis support concerns that student loan repayment outcomes were likely to suffer after restarting payments and that many borrowers would become disconnected with the loan repayment system (Conkling, Gibbs, and Jimenez-Read 2022).[9] Now that it has been more than a year since the on-ramp protections were lifted, we are likely to see large increases in defaults, leading to additional credit hits, tax refund offsets, and eventually wage garnishments. During this period, it will be important to make pathways out of default accessible, evaluate the current collections processes and whether changes are necessary, and look for ways to prevent future defaults.

Once a student loan is transferred to collections, borrowers can exit default through loan rehabilitation or consolidation.[10] Borrowers must make payments through these processes, and it could be helpful to align these monthly payments with the monthly amount they will owe after exiting default. Payments above that amount could be punitive, while payments below that amount could set the borrower up for sudden increases in their required payment as soon as the loan is back in good standing, putting them back at risk of missing payments. An additional incentive to use these pathways out of default could be to count the payments as IDR payments working toward loan forgiveness for borrowers in a plan that has time-based forgiveness. Currently, involuntary collections continue for borrowers who are rehabilitating their loan until they make at least five payments, meaning they might be paying through wage garnishments or US Treasury Department offsets for five months while making rehabilitation payments. Reforming this process by stopping involuntary collections while a borrower is in the rehabilitation process could provide incentives for more borrowers to rehabilitate their loan.

In June 2025, the US Department of Education announced it would pause Social Security offsets as a means of collecting on defaulted student loans.[11] This decision protects more income for those who rely on Social Security benefits. The department could make this collections policy permanent to help protect income for older borrowers. Additionally, when defaulted loans are collected through wage garnishment, borrowers can see more of their income withheld than they would owe in an IDR plan.[12] The department could cap collections at the amount the borrower would owe in IDR to further protect defaulted borrowers from financial hardship.

One way to help prevent future defaults could be communicating with borrowers early on about the negative consequences they might be set to face, particularly tax refund offsets, because these can be large financial losses that happen all at once rather than little by little over the course of a year. These communications should happen regularly and include clear language about the time until these consequences and their financial harm. Automatically recertifying borrowers in their IDR plan so they do not see sudden increases in payments can also help prevent defaults. But researchers, advocates, and policymakers should assess whether automatic recertification can have the same effect on default prevention for borrowers in the newly created repayment assistance plan, which does not offer $0 payments like previous IDR plans.

Future research should monitor the trends in this brief and whether balances and delinquencies continue to be elevated relative to prepandemic years. It will also be important to learn whether defaulted borrowers' outcomes change relative to previous cohorts, which will help inform strategies for preventing default and creating smooth pathways out of default.

Notes

[1] "COVID-19 Emergency Relief and Federal Student Aid," US Department of Education, Office of Federal Student Aid, accessed January 9, 2026, https://studentaid.gov/announcements-events/covid-19.

[2] "Getting Out of Default," US Department of Education, Office of Federal Student Aid, accessed January 9, 2026, https://studentaid.gov/manage-loans/default/get-out.

[3] "When the Student Loan Payment Pause Ended, Did Borrowers Pay?" *WatchBlog*, US Government Accountability Office, August 14, 2024, https://www.gao.gov/blog/when-student-loan-payment-pause-ended-did-borrowers-pay.

[4] "SAVE Plan," National Association of Student Financial Aid Administrators, accessed January 9, 2026, https://www.nasfaa.org/save_plan.

[5] Andrew F. Haughwout, Donghoon Lee, Daniel Mangrum, Joelle Scally, and Wilbert van der Klaauw, "Student Loan Delinquencies Are Back, and Credit Scores Take a Tumble," *Liberty Street Economics*, Federal Reserve Bank of New York, May 13, 2025, https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/.

[6] 2015–20 data are a 2 percent random sample. 2021–25 data are a 4 percent random sample.

[7] "Federal Student Loan Portfolio," US Department of Education, Office of Federal Student Aid, accessed January 9, 2026, https://studentaid.gov/data-center/student/portfolio.

[8] Tiara Moultrie, "Hitting the Brakes on a Student Loan Default Cliff," The Century Foundation, May 2, 2025, https://tcf.org/content/commentary/hitting-the-brakes-on-a-student-loan-default-cliff/.

[9] Robert Farrington, "Survey: 55% of Student Loan Borrowers Don't Feel Ready to Resume Payments," The College Investor, June 29, 2023, https://thecollegeinvestor.com/43097/survey-student-loan-borrowers-resume-payments/.

[10] "Getting Out of Default," US Department of Education, Office of Federal Student Aid.

[11] National Consumer Law Center, "Department of Education Delays Plan to Seize Social Security Benefits to Collect on Defaulted Student Loans," press release, June 3, 2025, https://www.nclc.org/department-of-education-delays-plan-to-seize-social-security-benefits-to-collect-on-defaulted-student-loans/.

[12] Jason Cohn, "Three Ways to Support Student Borrowers at Risk of Default in the Absence of Loan Forgiveness," *Urban Wire*, Urban Institute, June 30, 2023, https://www.urban.org/urban-wire/three-ways-support-student-borrowers-risk-default-absence-loan-forgiveness.

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GAO (US Government Accountability Office). 2024. "Federal Student Loans: Preliminary Observations on Borrower Repayment Practices after the Payment Pause." GAO.

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Acknowledgments

This brief was supported by Arnold Ventures. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission.

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