Trump Administration Continues Biden-Era Student Debt Cancellation with Latest Pause on Collections

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Today, the White House announced an indefinite pause of the collection of defaulted federal student loan debt, including through the Treasury Offset Program, which applies any tax refunds towards a defaulted borrower's outstanding federal student loan debt.

This pause began as a temporary pandemic measure under the first Trump Administration and was extended through both bipartisan legislation and Administrative action during the Biden Administration.

The current Trump Administration restarted the Treasury Offset Program in May 2025 and appeared on track to be restarting wage garnishment. Today's announcement reverses these previous decisions by reviving and extending the pandemic era pause. Doing so could lose up to $5 billion per year in collection and lead loan balances to balloon.

The following is a statement from Maya MacGuineas, president of the Committee for a Responsible Federal Budget:

Six years out from the COVID pandemic, it's beyond ridiculous that we're reviving these emergency policies – and doing so through unilateral executive actions.

This is an incoherent political giveaway, doubling down on the debt cancelation from the Biden era.

We're not in a pandemic or financial crisis or deep recession. There's no justification for emergency action on student debt, and no good reason for the President to back down on efforts to actually begin collecting debt payments again.

Congress enacted historic cost-saving reforms to the federal student loan program this year that put the program on a sustainable path and fair repayment system, and the Trump Administration has been implementing that plan with fiscal costs in mind.

Preventing the actual collection of the debt puts that all at risk. Not only will it increase costs to the taxpayer, but it will also actually worsen affordability challenges by allowing student loan burdens to balloon and putting upward pressure on interest rates and inflation.

The student loan program isn't supposed to be a tool to stimulate the economy or buy votes – it's a way to help millions of students access college. If the Administration wants to reform how we collect on defaulted loans, they should work with Congress on a responsible way to do so. But loans are supposed to be repaid, and the Administration should start collecting.

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