

**Pause and Effect:
Examining the Dynamics of the Student Loan Pause and the Challenge of Resuming Payments
for Public Service Loan Forgiveness Borrowers**

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Abstract

This qualitative inquiry delves into the experiences and sense-making of borrowers enrolled in the Public Service Loan Forgiveness (PSLF) program, focusing on the impact of the student loan debt pause (The Pause) and the looming resumption of repayments. Through semi-structured interviews with 104 borrowers conducted between July and September 2023, the study reveals that The Pause alleviated borrowers' mental distress, enabling them to bolster savings, reduce other debts, and reconsider familial planning. However, the return to loan payments heightened mental distress, leading borrowers to contemplate strategies such as cost-cutting, drawing down savings, and seeking additional income through secondary employment. The implications underscore the substantial benefits of The Pause for PSLF borrowers, highlighting its role in providing immediate financial relief and facilitating more secure longer-term financial planning. Conversely, the prospect of resuming repayments presents multifaceted challenges, both financial and psychological, necessitating nuanced policy considerations.

Keywords: Public Service Loan Forgiveness, Student Loan Pause, Subjective Well-Being, Student Loan Repayment; Savings and Debt

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Introduction

In March 2020, in response to the COVID-19 pandemic, student loan repayments were paused to mitigate potential economic fallout. The pause, extended multiple times due to uncertainty and political motives, led to increased savings and higher credit scores for borrowers (Ghoshal-Datta et al., 2022). However, research on this topic remains limited, including qualitative inquiries into borrowers' experiences. Starting October 2023, the pause was lifted by a deal between Congress and President Biden, necessitating borrowers to adjust to resumed repayments (Ellis et al., 2023). This qualitative study focuses on borrowers in Public Service Loan Forgiveness (PSLF) and explores the impact of the pause guided by two main questions:

1. What did the student loan debt pause mean to borrowers in the PSLF program?
2. How were borrowers in PSLF preparing to resume payments?

Literature Review

Public Service Loan Forgiveness

PSLF was a bi-partisan effort, created by the College Cost Reduction and Access Act (CCRAA; 2007), to help encourage more college-educated individuals choosing public-service careers. PSLF seemed a simple design: borrowers with Direct Loans may work for a U.S. federal, state, local, or tribal government or for a tax-exempt 501(c)(3) non-profit institution and make 120 (10 years) qualifying payments while enrolled in an income-driven repayment plan (Federal Student Aid, 2023b). Borrowers must work full-time (or work at least 30 hours between two qualifying entities).

Noting unintended barriers and historical mistakes disadvantaging borrowers, in 2018 the U.S. Department of Education created the Temporary Expanded Public Service Loan Forgiveness (TEPSLF) where borrowers who previously were ineligible for repayment plans may have their repayments counted towards forgiveness (U.S. Government Accountability Office, 2019). In 2021, borrowers with FFEL or Perkins loans could consolidate into the Direct loan product and have these debts forgiven through PSLF (Federal Student Aid, 2023b). The Biden administration furthered TEPSLF measures partly because prior to the revisions, 97.3% of PSLF borrowers who applied for forgiveness were rejected. Illustrating how poorly the PSLF worked before TEPSLF reforms; in June 2018, just 96 (0.03%) of 28,081 unique borrowers who submitted applications had their loans discharged – to a value of \$5.52 million (\$57,500 per borrower). As of June 2023, cumulatively 670,260 borrowers (32%) of over 2.06 million borrowers with eligible employment had their loan debt discharged via PSLF or TEPSLF – at an average of \$70,000 per borrower and a total of \$47 billion (Federal Student Aid, 2023c).

The PSLF program draws considerable attention from policymakers and pundits – generally due to the comparatively short (vs. Income Driven Repayment programs) 10-year timeframe to forgiveness, who is likely to receive the benefits, and the predicted to cost the government over time (see Akers & Chingos, 2014; Delisle, 2016). For some, the costs to the government are concerning; resonating with policymakers because it supposes that people who are “well off” are the primary beneficiaries of forgiveness (see – Delisle, 2016). One issue that draws attention is that graduate programs have used PSLF as a mechanism to bolster enrollment. Although studies have yet to capture a profile of who the “average” borrower in PSLF may be, narratives and work often focus on borrowers from law or medical school (Dabaja & Macki, 2018; Edwards-Johnson et al., 2018).

What researchers and policymakers are missing in conversations surrounding PSLF is a better understanding of what the lives of borrowers in PSLF “look like” – a similar gap has been highlighted in Income Driven Repayment (IDR) programs (Collier, 2020; Collier et al., 2021). Stunningly, the field and policymakers know very little about borrowers’ finances, demographics, and in general their lives. Hillman & Bruecker (2019) suggest these gaps remain understudied because either the data do not exist, or they are extremely hard or expensive to access. Recent iterations of the Survey of Consumer Finances have allowed Collier et al. (2020; 2021) the opportunity to expand the conversation – still, those data are limited. One way we can start to better understand what borrowers in PSLF lives’ “look like” is through qualitative inquiry.

Student Loan Repayment Pause and Resumption of Payments

The student loan debt pause (The Pause) was enacted early in the COVID-19 pandemic as part of a sweeping response by the Trump Administration to the predicted economic shocks. The Pause was enacted on March 13, 2020, and remained in effect through September 1, 2023 (42 months). The terms were relatively simple: borrowers with most federal student loans (e.g. direct, FFEL, and non-defaulted Perkins loans) were not required to pay their monthly repayments and the loan interest rates were reduced to 0%. Additionally, for borrowers in an IDR program or PSLF each month The Pause was active counted as a qualified payment (Federal Student Aid, 2023a).

The effects of The Pause are not yet well understood. However, studies have been gradually emerging as this event offers intriguing analyses regarding the impact of removing student loan debt repayment for millions of Americans. Recent work suggested The Pause reduced borrowers' monthly total debt obligations by one-third and, unsurprisingly, dropped the delinquency rate to effectively zero percent. Moreover, The Pause was related to an increase in borrowers' credit scores from 640 in January 2020 to 668 (28 points) in December 2021 (Ghoshal-Datta et al., 2022), suggesting that on average borrowers could be paying less for other expenses such as durable goods as they would be considered less risky (Barroso & Schwahn, 2023) and receive better loan rates.

Dinerstein et al. (2023) reported similar trends: delinquencies for student loans dramatically dropped and credit scores increased by 28 points. Most gains were for borrowers who had experienced delinquencies in the past, again supporting Ghoshal-Datta et al (2022). Additionally, the authors found an increase in consumer consumption soon after The Pause was enacted and an increase in debt load – which could signal that borrowers felt the increased security to take on debt for durable goods (e.g. a house or vehicle).

The impact of The Pause on financial behaviors differs between borrowers who have never experienced delinquency and those who have, revealing divergent pathways. Non-delinquent borrowers showed increases in other debt-related balances, while delinquent borrowers experienced decreases – for instance, non-delinquent borrowers saw increased mortgage balances of \$917, whereas formerly delinquent borrowers saw a decrease of \$120. The authors suggest that The Pause primarily benefited those in good financial standing, but other outcomes highlight benefits for those in precarious positions, including increased credit scores and the opportunity to pay down existing debts (Dinerstein et al., 2023). Thus, the benefits of The Pause were unequal, with some borrowers able to assume more debt while others focused on improving their overall financial health. Debates on student loan cancellation plans continue to revolve around the types of benefits valued and their implications for policy design (Abraham et al., 2022; Catherine & Yannelis, 2021; Perry et al., 2021).

Furthermore, Goss et al. (2023) estimated observable declines from pre- to post-Pause in borrowers entering auto loan delinquency and credit card delinquency – especially notable were the immediate declines for borrowers who would have been eligible for the Biden Administration's original student loan cancellation plan. As time progressed by the end of 2022, delinquency rates similar to pre-Pause trends returned. The authors attributed the bounce-back in delinquency rates, despite not having to repay student loans, to economic stress related to increased inflation at the time. Although the United States has been on track to experience a "soft landing" relative to inflation (Picchi, 2023) – throughout 2021 and 2022 inflation saw steady 12-month percentage increases with June 2022 experiencing a staggering 9.1% increase (U.S. Bureau of Labor Statistics). The combination of first increased inflation then effective

federal interest rates would result in general economic distress and are fair factors to help explain delinquency bounce-backs – while suggesting The Pause itself was extremely beneficial to borrowers.

As September and October approached, monthly payments to the Department of Education increased as borrowers sought to get ahead on payments. Some borrowers made large lump sum payments from savings (Monarrez et al., 2023), which they had accumulated by saving portions of the money intended for student loan repayments during The Pause (Akana & Ritter, 2022). Monarrez et al. (2023) also examined how borrowers planned to manage repayment, distinguishing between those intending to make full payments and those expecting to make only partial payments. Cutting discretionary spending was the primary response for both groups, followed by borrowing from other sources. However, strategies diverged, with those expecting to make full payments prioritizing finding additional income, while those planning partial payments prioritized cutting essential spending. This study offers insights into borrower strategies for dealing with repayment, providing a foundation for further qualitative inquiry.

Guiding Framing

Our research is guided by the by Tay et. al (2017) framework - which suggests that objective debt (mortgage, credit cards, and student loan debt) affects subjective burden (perceived financial distress) and with other factors like familial security affects subjective well-being (SWB) – such as psychological distress or satisfaction with life. The model has illustrated that student loan debt has unique effects on SWB which has been validated in other studies (Collier & Fitzpatrick, 2022; Fan & Ryu, 2023; Kim & Chatterjee, 2019). Given these unique relationships, pausing repayments would likely lead to different SWB outcomes, while resuming payments could increase distress. Our study explores how borrowers perceive dimensions of SWB in relation to both policies, contributing to future policy discussions beyond traditional considerations of deservedness and financial benefits (Collier et al., 2021; 2022; Shireman, 2019).

Beyond Tay et al. (2017), findings provided by Akana & Ritter (2022) and Monarrez et al. (2023) also informed our work. From Akana & Ritter (2022) we understood that during The Pause borrowers were using money that would have otherwise gone to monthly student loan payments to pay down other debts or to build savings – which aligns with Dinerstein et al., (2023) and Goss et al. (2023). Monarrez et al. (2023) show that to absorb the shock of repayments resuming borrowers are likely to cut discretionary spending, borrow money, and find additional income opportunities. In both cases, we build on these quantitative findings by learning about what the concepts and behaviors mean to borrowers – and thereby add nuance to the conversation.

Methodology

Sample

This study is part of a wider mixed methods agenda focused on borrowers in PSLF. From August 2022 through July 2023, participants were invited to engage in a survey which asked if individuals were interested in being interviewed. Of $N=2,307$ survey responses $n=1,586$ borrowers (69%) were open to interviews. We randomized willing participants. However, African American/Black ($n=189$) borrowers and those who were Waiting on a Forgiveness Decision (WOFD; $n=57$) were all contacted as they were part of another focus. From July 2023 through September 2023, we contacted $n=692$ (44%) individuals willing to be interviewed – and completed $N=104$ interviews. We also used pseudonyms, chosen by participants. Given our larger sample size, we provide aggregate demographic details akin to quantitative studies. We do not intend to be dehumanizing. To the contrary, we focused on the unique stories and perspectives of our respondents; but a detailed table of over 100 participants is too long to include. Table 1, below, details the sample demographic characteristics.

Interview Protocol

Interviews were conducted by five members of the research team. We used semi-structured interviews – so that all participants had baseline questions, but the interviewers had flexibility to probe deeper into topics or responses (Creswell & Creswell, 2014). The interviews lasted about 45 minutes. The interview protocol asked participants 12 questions or prompts on topics ranging from individual educational experiences, their understanding of student loan debt, and experiences with servicers, to elements of subjective well-being. Explicit to this paper, the following set of questions and prompts were asked:

1. *Please tell us how the student loan debt pause has affected your*
 - a. *Finances and financial behaviors*
 - b. *Mental health and life satisfaction*
2. *Soon the repayment pause is set to end – how do you expect that having to resume payments will affect your life within the next 12 months?*
 - a. *How are you preparing to resume payments?*
 - b. *How has the end of the pause affected your mental health and life satisfaction?*

These questions were formulated in response to emerging research on The Pause, which has demonstrated several positive effects (Akana & Ritter, 2022). However, there has been a notable absence of qualitative input from borrowers. The questions are also rooted in our guiding framework, as economic changes and disruptions are likely to influence how individuals perceive their SWB (Tay et al., 2017).

Coding

The coding process primarily took place in Dedoose software. Following each interview, a VVT transcript file was generated. Once these files were cleaned, they were uploaded into Dedoose. Our coding approach generally adhered to the methodology outlined by Bingham & Witkowsky (2021), involving multiple rounds of deductive and inductive coding (see Figure 1, at bottom). The initial two cycles used deductive coding. In the first cycle, responses to interview questions, particularly regarding The Pause

and resuming payments, were coded. In the second cycle, we categorized responses based upon our guiding studies. For example, discussions on mental distress we coded with Tay et al. (2017); sometimes responses were coded with multiple studies suggesting intersectionality. As inspired from Bingham & Witkowsky (2021), helped us maintain focus on the research questions and theoretical/practical contributions. These cycles provided a strong organizational framework, but further analysis aimed to delve deeper into the data and progress into meaning-making.

The third and fourth cycles involved inductive coding, where comments previously coded under specific themes were further analyzed to developing narrower codes. For instance, we examined comments related to resuming payments and initially coded under Tay et al. (2017) for instances of borrowers discussing mental distress. We then created additional codes under this theme to explain the underlying reasons for the distress, such as concerns about cutting costs related to their children, intersecting with Monarrez et al. (2023). This process was described by Bingham & Witkowsky (2021) as breaking down wider themes into smaller constructs or themes (Saldana, 2016) helped refine the analysis. We provide examples of constructs in our findings section.

Finally, we initiated a fifth cycle where we revisited responses and reviewed the codes established in the preceding cycles, adjusting as needed. Our objective was to further pinpoint trends or commonalities among responses, codes, and relevant literature. While we successfully identified trends in some cases, in others, we acknowledged challenges in discerning broader patterns. This difficulty arises from the diverse financial and familial contexts of participants, as noted by Collier (2020). This final cycle played a crucial role in determining which data to include, understanding how participants interpreted their situations, and shaping both the findings and discussion sections. It also facilitated connections between our findings, guiding studies, and additional research.

The quotes presented have been cleaned up and are not completely verbatim. We understand there remains ongoing debate over the appropriateness and preferability of editing participant quotes (Thorne, 2020; Eldh et al., 2020). However, we opted to clean up or trim quotes for clarity (removal of verbal spacers such as “like” and “you know,” but also eliding subclauses), to create space for including more participants’ voices, to adhere to journal word counts, and especially at the insistence of the participants who engaged in member checking – who suggested that doing so would enhance readability and understanding without changing the meaning of responses.

Credibility

We conducted two rounds of member checks. Initially, we randomized the sample and then reached out to 25 participants via email. We invited them to review the findings and discussion section, seeking their feedback on whether it resonated with their experiences and beliefs, and if they had suggestions for improvement. Participants were informed that their quotes might or might not be included. We intended to gather insights on the strengths and weaknesses of the section from those with expertise in their own experiences, as they play a vital role in ensuring the accuracy of the findings and framing of the discussion (McKim, 2023). After one week, six participants provided their feedback with the consensus aligning with the narrative presented – for example:

I think the report looks great. I like the way it has been broken down into the relief provided by the pause followed by the adverse effects of resuming payments – Adrian

I think the findings capture how I felt during the interview and how I continue to feel. Payments have resumed since then and as expected, mental health has deteriorated. As an example, my blood pressure has increased to the point that my doctor has been working with me to reduce stress. – Nathaniel

There were some critiques which we applied accordingly, such as cleaning up quotes. Additionally, Gabriel requested a clarifying footnote. After modifying the findings and discussion – we sent the updated section to the remaining participants who had not responded. Three more individuals responded and generally agreed with the narrative. Given participants' responses during validation, we are confident that our findings and discussion represent participants' experiences, beliefs, and personal expertise.

Findings and Discussion

Borrowers shared that The Pause eased mental distress, allowed them to accumulate savings or pay down debt, and move forward their family plans. Regarding plans to resume payments, respondents revealed increased stress, plans to cut spending – sometimes from luxuries, sometimes from necessities.

Student Loan Debt Pause

Eased Mental Distress. Throughout the interviews, a recurring theme was that the pause on student loan debt alleviated mental distress. Consistent with Tay et al.'s (2017) theoretical framework, respondents mentioned distress related to savings and other financial obligations, such as the inability to save before the pause or having high credit card debt. However, the unique stress caused by student loan debt seemed to dissipate during The Pause. Yet, disentangling these stressors is challenging because The Pause also enabled individuals to save more and reduce existing debt burdens.

Most participants discussed how The Pause provided mental relief from the normality of repaying:

Oh, my God! It's huge! And I'm really worried about it [payments] starting up again frankly. I mean it is kind of looming having this debt with no way out and a total inability to just get ahead of this debt. Being indebted like that, you just can't get your arms around it. It has just been like a real weight off me, like if there's a real psychic gravity to that kind of debt. – Sharon Sharon

It's a little bit of peace of mind. However, in the back of my mind, I'm know, I'm gonna have to pay this back at some point, the clock is ticking. – E. Money

So, it is not having that stress having to budget this \$600 a month to pay. I have car payments and then, just with the way rental prices are increasing - and its food costs. So, it's a lot of pressures that that make it challenging that really creates a financial burden. – Neville

Oh, my gosh! I think it was a huge burden off, knowing that that all the interest was no longer accruing like that. I've been paying them for so long and like, why are they not paid off. My husband also has student loans, combined it's overwhelming to think about never being able to get out from under that death. – Nomi

Yeah, it's been a game changer. I have developed a stress response where I've I became grinding my teeth to the point that I have now gaps between my teeth and my gums, and I would have nightmares about student loan payments. – Sam

The pause has been a literal lifesaver. I can go to work again and I felt like I was like a normal person for a little while. – Eric

This finding is consistent with theory and expectation. As loan debt/repayment are often tied to borrowers' ability save and engage in other financial behaviors (see Collier et al., 2022; 2021) and typically student loans cannot be discharged via other means like bankruptcy (Foohey et al., 2021) – we would expect to see that a policy removing this monthly burden would be related to eased mental distress (Tay et al., 2017).

However, relief was beginning to waver as The Pause was sunsetting soon after we conducted interviews. Remember, we conducted interviews after the Biden Administration announced that payments would resume so borrowers were keenly aware that The Pause was near the end. Some examples of The Pause's tapering effects on mental distress were evident in quotes from Poet, Sharon Sharon, and E. Money. However, more shared this sentiment:

I live in constant fear that I'm not able to gain satisfaction because it's a pause and not a stop. It's coming back. You're asking me now, as I know that the pause is about to end; I can't speak to how I felt over the past couple of years. Right now, it gives me anxiety, knowing that we have to start paying again. – Nathaniel

Well, I don't have somebody trying to pound the door down for money that I don't have to give, but it's like a double-edged sword. I am grateful because I don't have to say, "I don't even have something you could take from me." But on the other hand, it's looming debt. I know it's there and will be there forever. – Nico Robin

These quotes highlight the significance of timing in this research. Nathaniel suggested that if we had interviewed people earlier during The Pause, we might have captured a different perspective on how the policy alleviated borrowers' mental distress. Yet, our timing allowed us to report on how borrowers interpreted The Pause in the transitional period as borrowers prepare for repayment. Again, it unsurprising to capture anxiety related to returning to repayments as for over three years borrowers have constructed lives without having to repay these debts and so for many a return to repayment marks a dramatic shift in financial and social behaviors they have grown accustomed to (see Tay et al., 2017). Later, we highlight how repayment may modify these behaviors.

The Pause Helped Create or Bolster Savings and Pay Down Debts. The Pause was helpful to borrowers in either starting or bolstering various types of savings – as is generally aligned with Dinerstein et al (2023). Here, a few borrowers talked about being able to save for the first time:

It was the first time that I could breathe a little bit and save money. This is what it's like to have extra money each month. I had really been living not paycheck to paycheck. – Carrie C.

Oh, gosh! It was amazing! Oh, it was so great! I for the first time was able to save money. I think my payments at the time were like \$560 a month. Previously, if I needed to pay for an emergency, I would have had to use a credit card which has super high interest or ask for a loan. So, it was the peace of mind of knowing that I could save money for a rainy day or for an emergency. – Miranda

Other borrowers could increase their monthly savings because of the pause:

It has [The Pause being helpful]. I was barely putting any money towards savings. I just couldn't [save] with my loans. They were so expensive. – Adrian

It helped my family's sense of our financial security, knowing that we would be able to put an extra couple 100 bucks into savings. – Emily

Right before the COVID pause, I was paying about \$550 a month on my loans, that was the minimum amount I could pay and a great deal of my disposable income. In a weird way, when COVID happened I finally got kind of ahead financially. – Kevin

It's the difference between living paycheck by paycheck or being able to put a little bit of money as aside and savings and being able to just take a breath. – Clarence Thomas¹

These stories align with wider quantitative trends revealing that abating student loan repayments allowed borrowers to start or bolster savings (Akana & Ritter, 2022). These also outcomes reinforce prior work suggesting that directly providing people money and the discretion to spend it often leads to spending/allocation in areas that would gain social and tax-payer approval (see Gennetian et al., 2021; Rojas et al., 2020).

Beyond general savings, some put more money into retirement accounts – including borrowers who are a bit older as was the case for Golda:

Oh, it's been probably the biggest blessing for our family. My student loan payment on income-driven was like a car payment, maybe a small mortgage. I was able to put more into my 401(k). – Nikki W.

Well, I used the money to save for retirement and emergency expenses like natural disasters - like earthquakes. We are prone to earthquakes here - and vehicle repairs. – Atticus

I am going to be 60 this summer, I was able to realistically start a retirement savings plan. I had something from my employer, but I will have enough extra money at the end of the month that I can actually start savings, that I should have started 30, 40 years ago. – Golda.

These stories show that borrowers must make long-term tradeoffs when repaying student loan debt – which likely will result in additional late-career and end-of-life issues that both individuals and the U.S. widely will have to confront (see Dettling et al., 2022). Prior work has made connections between student loan debt and borrowers' ability to save for retirement (Butrica & Karamcheva, 2020)² and recent surveying suggests that the resumption of payments will force borrowers aged 45+ to adjust their retirement contributions and targets (Nationwide, 2023). The average age of our sample is 41-years old, meaning many will have to adjust retirement savings, which we intend to follow up on in the future.

Some borrowers also used savings engaged during The Pause to buy homes (see also Ghoshal-Datta et al., 2022):

During the pause a lot of those payments, I ended up just putting into savings and that's what we use to just buy our first home. – George Raymond

¹ Just a reminder, participants chose their pseudonyms, so this is not the Supreme Court Justice Clarence Thomas.

² To be fair to this debate the links between student loan debt and retirement savings or behaviors are not settled, and we do not want to make it seem that way – Dettling et al. (2022) shows borrowers are not too far from non-borrowers regarding retirement savings later in career.

My husband and I bought a house. We were paying somewhere... depending on the year and my income and his income, between \$500 to \$700 a month, all in between grad school and undergrad repayments. – Kat

I definitely put money in the bank [during The Pause]... I think I was good about saving it during the pause. [Forgiveness] It's like night and day... I am a homeowner now. – Gabriel³

Oh, the pause, it was tremendous! It took us a lot of stress off, because at the time that the pause was happening, I was also a house hunting. – Ms. J

Borrowers stated that because of The Pause they were able to save money to buy durable goods. However, there may have been other factors that helped these decisions. For example, for people in PSLF (or IDR), remaining qualifying payments decreased each month – so each month during The Pause was essentially a government grant towards forgiveness. Additionally, starting in March 2020, 30-year fixed rate mortgage rates generally decreased hitting historical lows throughout 2021 (Federal Reserve Bank of St. Louis, 2023). We did not ask borrowers when they bought houses during The Pause, but a combination of these parameters and other factors not mentioned were also likely helpful in allowing participants the financial safety and confidence to buy houses during this timeframe – which is hard to isolate.

The ability to accrue savings related to borrowers feeling financial safety which translated to eased mental distress – and in some few extreme cases helped borrowers ease food/housing insecurity, like with Mary:

The last way that it's helped is just like plain old financial security. Just knowing that I have a cushion just that reduces like food insecurity and housing insecurity. I feel like I can contribute to my family, I can get them things they need. – Mary

Mary was not alone in this sentiment as some borrowers used the phrase “space to breathe” or “breathing room” to convey what an increased ability to save meant to them. For example, Kay said, “I can go from hyperventilation to okay, maybe some normal breathing”, Sarah, “We could breathe, I was really happy that first year [of the pause]”, and as presented above, Clarence Thomas’ statements.

By pausing payments, the government has provided borrowers with a better opportunity to save money (emergency, retirement, or otherwise), thus alleviating mental distress. Prior research indicates that undiagnosed mental disorders, including general mental distress as measured in our survey (see Kessler et al., 2003), are associated with approximately \$10,000 per person in direct economic burden (e.g. homeless shelters) and indirect costs (e.g. pre-mature mortality, intentional death or suicide, and/or productivity loss via absenteeism; Taylor et al., 2023). Whereas these direct costs were not an “average” concern for the sample, some borrowers were either previously (Alberta) or currently homeless (Aurora and Nico Robin). However, our work draws obvious linkages to various indirect costs such as suicidal ideation (Collier & Fitzpatrick, 2022) and this work with work-related productivity. Eric's previous quote

³ During member-checks Gabriel clarified his commentary and said, “I did not know at the time though that the future opportunities I would put my savings toward would be a break from work or homeownership. Those milestones only came to pass after I had decidedly reached that 120-payment threshold. So, the loan forgiveness was the impetus for both, however there's no question that the pause helped provide the means for both.”

about the challenges of going to work and appearing "normal" underscores this point. Such outcomes should be quantified in future studies and considered in future ROI assessments for student loan modifications or forgiveness.

Family Planning and Assistance. Next, borrowers believed that The Pause was helpful for family planning. To our knowledge, the connection between The Pause and aspects of family planning has not been published on yet. Prior research has shown that having student loan debt is related to not having children, having children later in life, or having fewer children (see Min & Taylor, 2018; Nau et al., 2015, Velez et al., 2019). Multiple participants said The Pause provided enough financial security to have either their first or another child:

We wouldn't have been able to probably make ends meet without it [The Pause]. It was food, it was rent - particularly with COVID and a pregnancy. I couldn't maintain the same level of work consistently all the time. My contract work is variable, so our income was variable. – Marie A.

I'm strict about budgeting. I've gotten used to not having that \$600 each month. It quickly got taken over by other things like another baby. There's been just a lot of other new expenses that have come up within that interim, and my husband also lost his job due the pandemic at the very beginning and hasn't since really found a new job. – Aurora

Hugely, I have 3 kids. So that was a big factor in being able to afford having another child. When they [loans] were paused - we knew they'd eventually return, but they have been paused for so long that you get used to not having that bill every month. We were able to have another child and pay for 2 in daycare. – Nomi

We had a second kid during the pandemic. We don't have like gobs with money. So, it was like it was extremely helpful. – Sophia

Like with Nomi, other borrowers signaled that the pause helped ease financial burdens related to raising children.

I was on income-based repayment, the loan payments were never like huge, but I have 3 kids, and we have trying to live on one income. I'm a teacher, it's not a huge income so we've been managing with a little bit. The little bit of extra not having to pay those payments has made it a lot more relaxed. – Alberta

My partner and I work in higher education, we make fine money. But it's not great money. My kids are growing and keep getting bigger and more expensive. I'm really worried about payment starting back up again. – Kelly Bundy

Overall, the research surrounding how student loan debt may affect family planning is nuanced (see Nau et al., 2015). Here, some borrowers here have indicated that The Pause has helped guide decisions to have either their first or additional children, mostly because borrowers felt more financially stable. Given there are concerns over long-standing declines in fertility and birth rates in the U.S. (Kearney & Wellesley, 2023; Morse, 2022) – including diminished childbearing by college educated women (Kearney

et al., 2022)⁴ – policies that cancel student loan debt may help moderate these fertility trend. Soon we intend to examine how secure these families feel after repayments resumed.

Plans to Resume Payments

Increased Mental Distress. We explored the experiences of borrowers as they were preparing to resume payments. As a reminder, we interviewed borrowers from July through September 2023 – and borrowers understood the student loan payment pause was set to expire at the end of September. Some earlier quotations illustrate how borrowers noted how they were distressed over the resumption of payments. When we specifically asked the question *What are you doing to prepare for repayments* more borrowers explicitly highlighted increased distress regarding the approaching deadline:

It's not good. It's anxiety inducing, it's embarrassing to have this out there, which is weird. I feel shame about it. It's also just like the effect on like my material ability to take care of myself, pay all my bills, and all that. – Sharon Sharon

Well, it's gonna be shit. It's fucking \$300 that I don't have any more. It's a \$300 pay cut monthly, and that's on the PAYE program, the cheapest program. I have that poor person's mindset. I get very upset about it, when I think about what we owe, I get pits in my stomach. – Nathaniel

It gives me anxiety every time I see anything in my email box about student loans. And I know I've gotten some emails from MOHELA. I need to log in and look at it. My trust in all of this is low, and I feel like I need to check and make sure if I need to apply. Thinking about it is overwhelming and anxiety-producing. – Marie A.

It's totally stressful, it gives me a lot of anxiety. I'm a pretty financially anxious person and feel like that's where I derive both comfort and insecurity are my financial stability. – Cecilia

I've already signed up for the new SAVE program. Those monthly payments are too much. I think I think there's this understanding that there's discretionary things that people can cut from. I don't know where to cut from - it's gonna probably come out of a combination of our food budget and or something else I might even have to take on debt some months when months are harder. I'm feeling the despair that I used to feel kind of creep back you know what my options are. I could die, that's the option, but that's not really an option. I feel a lot of despair, trapped, and depressed. I feel anxious all the time I have nightmares about this I wake up with my heart racing sometimes as it's getting closer. – Julie B.

Most borrowers, but not all, who responded to this question suggested that changing the financially related behaviors they have engaged in for over three years was producing substantially increased mental distress. Such distress would generally be expected because of the financial insecurity has been (re)interjected into many of these borrowers' lives (Tay et al., 2017) – distress which, again, has measurable economic and productivity-related costs (Taylor et al., 2023).

Julie B.'s experiences are on the more extreme end of the spectrum, but we believe the quotes above illustrate the general distress that resuming payments levied on borrowers. However, there were some

⁴ For additional nuance, White college-educated women seem be strong drivers of fertility declines.

like Henry who felt that resuming payments would induce a marginal increase in stress, “It’ll just make things a little bit tighter, just be a bit more careful with the money, it’ll be a little bit more stress. Raise the stress level marginally.” Henry’s response is on the other end of the spectrum and not what we decode to be the “normal” experience for these borrowers.

Cutting Spending. When we asked how borrowers were adapting to resuming payments, the most common answer was adjusting budgets or cutting costs – which aligns with Monarrez et al. (2023). Although a common response - during the final cycles of our coding, we were unable to identify strong trends in “what” borrowers were thinking about cutting from their expenses and lives. As the quotes below illustrate, borrowers had different priorities based on their familial situations, money available, and personal priorities. Some cited having to cut out selected basic needs (see also Julie B. above):

I cannot afford that [repayments] right now. I might have to get a second job. I just redid my budget. Gas prices went up, housing went up, food went up. Food is expensive and a big stressor. I want to pay it back, but I can't afford to pay it back. – Sage

It will significantly impact us. We are struggling financially immensely right now. Our credit was completely trashed during COVID. We going through the process of filing bankruptcy. – Julie S.

Others suggested they would cut spending related to their children:

We have small children. We are broke all the time because of childcare [costs]. They got rid of the child tax credit, we're just gonna have less. We're going to eat into our savings considerably. We don't have any kind of savings that we can do that [for the long-term]. We can't meet our monthly expenses on our current income and so savings is always supplementing, that's going to run out. – Sophia

We will do without certain things. I will have to cut back on buying things for the kids or ordering out dinner for them once a week. Just be cautious of my spending just cutting out other expenses. I mean, if it's gonna be \$900, I don't think I can afford that. – Helen

Cutting costs related to basic needs and child-related expenses are uniquely problematic so we want to make *clear* distinctions between borrowers like Sage and Sophia who are making extremely tough decisions on how to survive when repayments start and those who intend to cut out luxury goods. Again, because of wide variations individuals’ financial (wages, domicile costs, other debts) and familial situations (marriages, number of kids, extended family duties) we are unable to reliably discern who must make these tougher decisions versus those who intend to cut out luxuries as highlighted below. However, we intend to better understand these decisions in the second-year follow-up survey.

Next, some indicated cutting luxuries they grew used to during the pause such as eating out, traveling, or memberships:

It's gonna be a year of tightening our belt. I should get my forgiveness next summer. We might probably not go on trips the way we were. We're probably not going to buy luxuries. We don't need them. – Dave Freeley

I think it will cut into the amount of travel – vacations that I've been able to go on the last 2 or 3 years. But what I'm more concerned about is if I have any significant costs that arise like vehicle maintenance, if I were to need a new vehicle, or if something comes up where I have an additional large monthly payment that I'm responsible for. That's where I would become anxious and a little bit uncertain. – Kyle

There's a little teeny bit of anxiety. I think we're fortunate enough we can make things work. We have to live possibly a little bit differently - probably less restaurants, travel, and going out. – Sam

What we'll have to do is just really look at our budget and figure out what we can drop- find luxury things that you might not need. All the random extra special services like a million streaming things – Kristy S.

Borrowers intending to reduce perceived luxury spending do not seem to display as much distress as those who must make decisions to cut costs related to basic needs and their children – which should be expected. While distress seems lower, there is not an absence of increased distress. The lingering question we cannot answer is whether the degree of increased distress experienced by borrowers intending to cut luxury goods would represent a marginal increase with limited effects or a more impactful increase that would affect well-being. Assessing that should be a future focus, as knowing the difference could be helpful in modeling mental distress increases and future ROI for student loan policy.

Beyond Cutting Costs. Additional to cutting costs, borrowers cited various ways they plan on adjusting to the expected impacts of resuming payments. One choice was to rely on savings – aligning with data suggesting U.S. adults have been drawing down savings to cover recent fluctuations in living costs (Barbiero & Patki, 2023) and borrowers' intentions to use savings to help repay the debt (Monarrez et al., 2023). For some, drawing down savings related to anxiety:

I've just definitely been trying to keep the balance, the cushion and my checking and savings higher. I get a little concerned or upset every time there's sort of an unexpected expense that I must pay where I must take out of there. I want to make sure that those levels are high enough that it's not going to impact things too much when I resume payments. – Julie A.

I now actually have savings to fall back on, it's a safety net. It's not going to completely save me in an emergency. But I have something there. – George Costanza

The idea of depleting their savings to adapt to resuming student loan payments appears to significantly heighten financial stress and contribute to their distress, as anticipated (see Tay et al., 2017). However, due to the varying financial and familial circumstances of each borrower, as well as differing comfort levels with the amount of savings, the available data cannot accurately determine why some borrowers felt at ease drawing down their savings and to what extent.

Also aligned with recent work (Monarrez et al., 2023), some borrowers intended to work more, assume a second job, or engage in the gig economy. Remember, all PSLF participants must be working the equivalent of full time already. We remind readers of this parameter because there remains persistent public rhetoric that borrowers are “lazy” or do not work (Watson, 2022).

I am looking at having another job. There have been times throughout my career that I have had second jobs. I've driven for Uber, donated plasma, all the things throughout my entire career trying to make ends meet. And I'm always looking for opportunities for advancement just constantly. – Kristy S.

Getting another job is not off the list. I used to have like a side gig, where I was like buying and selling jewelry online. I would like buy estate jewelry and then resell it. – Sharon Sharon

I work 2 jobs. I work full time, and I also have a part time therapy position, and we've talked about taking on extra clients. Talked about my husband picking up a second job. We've had to cut some spending and negotiating with our both of our positions, so that we can work from home and save on commuting costs. So that has really affected us. – Marie B.

I have one consulting gig that'll bring in extra money. I'm looking at the possibility of a second consulting gig. I find that frustrating - I'm a full-time faculty member, I work full time at UCLA, and this idea that I have to do additional jobs on top of a full time job [is frustrating]. – Poet

There are ways that you can make a little more money at my office as the council first arrangement backup nights. When someone gets like arrested in the middle of the night a lawyer can volunteer to go – get waken up at 3AM and send on a 45 min drive to some court, to sit around and wait for them [arrested person]. If you do that for the week you get paid like 400 bucks. I have been grudgingly taking some of those on. – Nathaniel

Most borrowers that we talked to had career-level positions - for example, Kristy S. is a program manager, Sharon Sharon is a communications manager, and Marie B. a social worker – and Poet and Nathaniel's jobs are obvious from their quotes. We again remind readers about the parameters of PSLF because if these borrowers who must be full-time equivalent workers are feeling the need to assume more work or find a secondary job, then this pressure is likely higher for borrowers say in IDR programs but not in PSLF – given prior vulnerabilities (Collier et al., 2020; 2021). It is likely that a fair share of borrowers intends to assume additional paid jobs or “gigs” which are likely to have lingering effects on productivity, mental distress, and familial-based relationships and decisions – each deserve deeper investigation.

Avoidance. Finally, we point out that some borrowers were avoiding thinking about resuming payments. Avoiding repayment was not amongst the most common answers but deserves recognition in this manuscript for future exploration and expansion given that in December of 2023, roughly 40% of borrowers did not make their October payment (Stratford, 2023). Of the sample, we coded five instances of borrowers avoiding repayment. Some were outright ignoring impending repayment:

I'm pretending it's not happening for now. I'll know the impact when payments resume. I also don't know what my payment will because it's been so many years. I knew what it used to be but due to income changes and we had another kid, I don't know if my payment will go down. – Nomi

I haven't done a whole lot yet probably trying to avoid thinking about it. – Henry

Resume not really [thought about it]. They told me what my amount is. I'm keeping up with my information that I'm receiving but not really doing anything different. I guess, I am apathetic about it. – Sasha

To be fair to these borrowers – we do not know if these borrowers or other participants in our sample missed the October payment intentionally or otherwise. We only know that at the time of the interview, they were not yet planning for repayment. Inferentially though these borrowers' prior comments it seems that this event was ramping up distress, they were confused by new options (e.g. SAVE), had limited trust in new servicers, and that they were comfortable testing out the provided "on-ramp". Each of these are factors that Stratford (2023) reported were aligned with our current knowledge of why some borrowers have missed that October payment.

Limitations

We believe that this study can help researchers, practitioners, and policymakers understand what The Pause meant to borrowers and how borrowers were preparing to resume repayment – with a focus on how these events were related to mental distress. However, we remind readers that we only interviewed borrowers who were in PSLF – which is currently the most generous loan forgiveness program available as debts are forgiven after 120 qualifying payments⁵ - and therefore, outcomes presented here may not all extrapolate to the wider borrower population. We also note that this sample consists of people who mostly have Masters’ degrees, who generally have large outstanding federal loan balances, but have higher-than-median incomes. Acknowledging such, we believe this study has value for the wider population – primarily those in IDR plans sans the PSLF benefit. Generally, IDR programs exist for those who are unable to make payments based upon the traditional 10-year schedule; often these borrowers have elevated student loan debt and are not quite as financially well-off (Collier et al., 2020; 2021). As such, we believe that researchers would find similar trends highlighted here with The Pause reducing mental distress, helping more borrowers get ahead by saving or paying down debts, and generally allowing greater engagement in the perceived middle-class expectations of increased financial security. We believe that these elements would be more pervasive in a general IDR sample, because the time to forgiveness is nearly double and due to differing earnings, with more concentrated as median-earnings and below (Collier et al., 2020). Additionally, our findings align with previous research in the strategies borrowers intend to employ in response to the shock of repayment (Monarrez et al., 2023). Likely, a broader sample of IDR borrowers might uncover that resuming payments was more distressing than our findings suggest.

⁵ It is fair to note that this program was not run optimally and caused a lot of distress, both because the government and servicers did not accurately tabulate counts and due to other administrative barriers.

Conclusion

Our study provides a detailed look into the lives of PSLF borrowers as they made sense of what The Pause meant to them and how they were preparing to resume payments. Our work aligns with and expands upon the limited body (of quantitative) work that currently exists. However, because of the variation in individuals' lives (e.g. wages, familial security, and so on) even after interviewing over a hundred borrowers – it remains extremely difficult to pinpoint certain trends, like who feels more comfortable in drawing down savings to assist with student loan repayments. Overall, our findings suggest that The Pause had a variety of unintended positive consequences that could be followed up on in future work – such as with measures of productivity and particularly retirement savings. These borrowers' reflections on the transition from paying, to a reprieve, to a resumption of monthly payments, is not unlike an ABAB research design on the effects of student loan debt itself. Looking across the time periods, and consistent with quantitative evidence carrying student loan debt impedes savings, saving for retirement, purchasing a home, having children, and at-work productivity, while increasing stress, basic needs insecurity, and even suicidal ideation (see - Dettling et al., 2022; Fan & Ryu, 2023; Min & Taylor, 2018). The prevalence and magnitude of these differences is important to consider as policy options for altering repayment structures or loan forgiveness are considered.

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Tables and Figures

Table 1 – Sample Characteristics

		N	Percent		N	Percent
Race	African American/Black	23	22%	Self-Income	Under \$35,000	3%
	American Indian/Alaskan Native	2	2%		\$35,000-44,999	6%
	Hispanic/Latinx	4	4%		\$45,000-54,999	12%
	Two or More Races	5	5%		\$55,000-64,999	15%
	White	70	67%		\$65,000-74,999	14%
Gender	Female	72	69%	Highest Degree	\$75,000-84,999	12%
	Male	29	28%		\$85,000-99,999	15%
	Non-Binary/Third Gender	3	3%		\$100,000+	23%
Married	No	51	49%	Remaining Payments ¹	Bachelor's	13%
	Yes	53	51%		Master's	52%
Have Children	No	66	63%		MBA	1%
	Yes	38	37%		Law (J.D.)	11%
Org Work For	College or University	17	16%		Ph.D/Ed.D.	23%
	K-12 School	4	4%		Medical (M.D.)	1%
	Federal Government	7	7%		Forgiven	19%
	State Government	6	6%		Waiting on Forgiveness	13%
	Local Government	16	15%		1-12 Payments	11%
	Other 501c3 Org	38	37%		12-24 Payments	11%
	Missing	16	15%		25-36 Payments	9%
					37-48 Payments	3%
		Avg	Median	Federal Loan Debt Balance	49-60 Payments	8%
Age (Years Old)		41	40		61+ Payments	26%
					Missing	2%
					\$0 - Forgiven	19%
					Under \$20,000	3%
					\$20,000 - \$49,999	11%
					\$50,000 - \$79,999	25%
					\$80,000 - \$99,999	8%
					\$100,000+	35%

1. Remaining payments determined at the time borrowers engaged in the survey, not at the time of the interview.

Figure 1 - Coding Schema inspired by Bingham & Witkowsky (2021)

