



JSTOR

What incarcerated people need to know about student loan cancellation and getting out of default

This resource is for federal student loan borrowers who are incarcerated and their advocates. It was prepared by Bradley D. Custer (Center for American Progress) and Stacy Burnett (JSTOR), with contributions from Charlotte West (Open Campus). The authors understand that not all incarcerated borrowers will be able to access the forms, phone numbers, and websites described below; we are offering as much information as possible to support those able to do so.

Student Debt Cancellation and Eligibility

In August, President Biden announced that the U.S. Department of Education will grant up to \$10,000 in student loan debt cancellation for all borrowers with federal student loans who make less than \$125,000 per year and up to \$20,000 for people who received Pell Grants. **Incarcerated borrowers who meet these requirements are eligible.**

Most federal student loans are eligible for cancellation, including all loans held by the Education Department. The debt relief applies only to loan balances you had before June 30, 2022. Any new loans disbursed on or after July 1, 2022 aren't eligible. Private student loans are NOT eligible for debt forgiveness.

If you submitted a FAFSA for the 2021-22 or 2022-23 academic years to enroll in a Second Chance Pell program, the Education Department already has your income information and will automatically cancel the amount of debt you qualify for. However, if the email address that you or someone else entered on your FAFSA is invalid, you will not receive automatic cancellation. **To ensure your debt is canceled, it is best to complete the application.**

The Education Department has launched an online application for student debt cancellation. Anyone who thinks they may qualify should submit the application—just be sure the information you supply is correct so your application can be processed quickly.. The application is available in English and Spanish at: <https://studentaid.gov/debt-relief/application>.

The application asks only for basic information including:

1. Name
2. Social security number
3. Birth date
4. Phone number
5. Valid email
6. An acknowledgement that you meet the income requirements.

These fields are required and must be completed. If you do not have an email address or phone number, do not enter fake information. The application does not ask for documentation of income or loan information. The Education Department will send a confirmation email once your application is submitted and again once your application is approved (or once you are determined not to be eligible). They may also contact you if you are selected for income verification, which will require additional documentation.

The Education Department has said that a paper version of the application will be available “soon.” You have until December 31, 2023 to apply for student loan debt cancellation.

Additional information about President Biden’s debt relief plan is available at:

<https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info>

Español: <https://studentaid.gov/es/manage-loans/forgiveness-cancellation/debt-relief-info>

For help with completing the cancellation application, call Federal Student Loan Debt Relief Support at 1-833-932-3439.

Monday–Friday: 8 a.m.–11 p.m. Eastern time (ET)

Saturday–Sunday: 11 a.m.–5 p.m. ET

Note: There are several pending lawsuits seeking to block the cancellation program, but the Biden administration continues to encourage everyone to apply.

Fresh Start: Getting Out of Default

In addition to cancellation, the Education Department recently announced its separate “Fresh Start” initiative, which will bring defaulted loans into good standing. Default occurs when a borrower does not make required payments for a long time. If you have defaulted loans, you cannot get additional federal financial aid - like the Pell Grant - which has been one of the major barriers for eligibility for Second Chance Pell programs.

Borrowers who are in default and owe less than \$10K (or \$20K if they received a Pell Grant) in debt **do not** need to seek Fresh Start after applying for loan cancellation. Once all your defaulted loans are canceled, you will be able to receive additional federal financial aid. (Anyone who does not apply for cancellation or who is waiting on cancellation to happen may seek Fresh Start below to restore your defaulted loans to good standing.)

Borrowers in default who will still have balances after their cancellation amount is applied will need to seek Fresh Start to bring their remaining loans into good standing and restore federal financial aid eligibility.

There are two ways to take advantage of Fresh Start.

First, you can submit a FAFSA and enroll in a Second Chance Pell program to automatically restore your defaulted loans to good standing. After that, your loans will either go into in-school deferment (depending on the number of credits you are taking), which means you will not have to make payments while you're in school, or you will enter repayment, which means you will need to begin making payments. You will need to talk to your student loan servicer to set up a payment plan. Under the Income-Driven Repayment (IDR) plan, your payment will be based upon your income and can even be \$0 a month, which will keep your loans in good standing. If you do not set up a payment plan, you risk falling back into default.

Second, you can enroll in an Income-Driven Repayment plan with payments as low as \$0 per month by contacting your student loan servicer or the Default Resolution Group (contact info below). They will transfer your loans to a new servicer, and you will then need to set up a repayment plan. **This process is expected to begin in mid-December 2022.**

Defaulted borrowers have until December 31, 2023 to seek Fresh Start. More information is available here: <https://studentaid.gov/announcements-events/default-fresh-start>.

Managing Your Student Loans

If you attended college before becoming incarcerated, you may have federal student loans. It is important to understand whether you have loans, what type of loans you have, who owns your loans, your balance, and whether your loans are in default. You can get this information from the Education Department, your student loan servicer, and if you are a college student, your financial aid office. You may need to ask facility staff to add these phone numbers to the list of approved phone numbers.

It is important that both the Education Department and your student loan servicers have accurate contact information for you.

U.S. Department of Education - Office of Federal Student Aid (FSA)

The first place to get information about your loans is the U.S. Education Department.

For general information about your loans, call the Federal Student Aid Information Center at 1-800-433-3243.

Monday–Friday: 8 a.m.–11 p.m. Eastern time (ET)

Saturday–Sunday: 11 a.m.–5 p.m. ET

If you are in default, you can call the Default Resolution Group at 1-800-621-3115 or write to the U.S. Department of Education, PO Box 5609, Greenville, TX 75403-5609. (This address will not help you if you are not in default.)

If you or an advocate have access to the internet, you can review your account and update your contact info by logging in with your FSA ID, which is a unique account for each person who received federal financial aid: <https://studentaid.gov/fsa-id/sign-in/landing>

Student Loan Servicer

A student loan servicer is the company that manages your student loans on behalf of the Education Department. They help you set up a repayment plan and take your payments. They also provide communication about federal programs, including cancellation. To find out which student loan servicer(s) manage your loans, contact the Department using the instructions above. Then, contact your servicer(s) to provide updated contact information.

Federal Student Loan Servicer	Phone Number
Great Lakes Educational Loan Services, Inc.	1-800-236-4300
Edfinancial	1-855-337-6884
MOHELA	1-888-866-4352
Aidvantage	1-800-722-1300
Nelnet	1-888-486-4722
OSLA Servicing	1-866-264-9762
ECSI	1-866-313-3797