The Total and Permanent Disability Discharge Program: A Debt-Relief Lifeline for Americans with Disabilities

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Introduction

The federal student loan program is a bridge to undergraduate and graduate school for millions of students each year who cannot otherwise afford to pay out of pocket. While most borrowers repay their loans, the federal government provides relief programs that discharge some or all of a borrower's loan balance if they meet certain requirements. One such program is the Total and Permanent Disability (TPD) discharge program, which discharges loans for borrowers with severe disabilities who are unable to work.

The TPD program is part of a suite of safety net programs meant to protect student loan borrowers from undue financial hardship. While Congress and the U.S. Department of Education (the Department) recently put substantial new limitations on other safety net programs, including the income-driven repayment (IDR) system and loan discharge options for students who attended schools that closed and schools that engaged in misconduct, they did not make similar cuts to the TPD program.

In fact, the TPD program has long enjoyed strong bipartisan support, and both Republican and Democratic administrations have improved and expanded the program over time. Through statutory and regulatory reforms, more borrowers with disabilities are now eligible for loan forgiveness, and the application process is easier to complete than ever before. As a result, the Department discharged $18.7 billion in student debt for nearly 633,000 disabled borrowers between 2020 and 2025. This included people who were receiving Social Security Disability benefits, veterans with military service-connected disabilities, and others who applied with the help of their medical providers.

TPD discharge will continue to be an important tool to protect those with disabilities from student loan-related financial hardship. America's population is experiencing higher rates of disability, and more Americans remain in student debt into their later years, with some borrowers holding debt well into their 80s and 90s. More borrowers may qualify for and seek TPD discharges in the future, and the Department should maintain and build on its progress of program improvements. This piece outlines the purpose and history of the TPD program. We outline recommendations for additional program improvements in a related piece.

TPD Program Milestones: A History of Progress

Debt relief for "totally and permanently disabled" borrowers was built into the original guaranteed federal student loan program in the Higher Education Act of 1965. Ever since, the Department has paid or discharged the loan balances of qualified borrowers. Today's TPD discharge program is the culmination of decades of policy and program reforms. These changes have expanded eligibility and made it easier for borrowers to access TPD discharge.

By the late 1990s, the Department had done little to regulate the TPD discharge program, offering few details in its one paragraph in 1997.[1] At the time, "totally and permanently disabled" was defined as "the condition of an individual who is unable to work and earn money or attend school because of an injury or

[1] "If the Secretary receives acceptable documentation that a borrower has become totally and permanently disabled, the Secretary discharges the obligation of the borrower and any endorser to make any further payments on the loan. A borrower is not considered totally and permanently disabled based on a condition that existed at the time the borrower applied for the loan unless the borrower's condition substantially deteriorated after the loan was made so as to render the borrower totally and permanently disabled." See 34 § 685.212 Discharge of a loan obligation.

illness that is expected to continue indefinitely or result in death."[2] Over the next decade, the Department would greatly expand the text of the TPD regulation, broadening eligibility but increasing administrative burden on applicants.

Conversely, the last 15 years brought changes that further expanded eligibility and eased those administrative burdens. These reforms demonstrate the commitment of policymakers and Department officials to make this program work for vulnerable borrowers—a commitment that should be carried forward under the current and future administrations through the implementation of additional program improvements.

Below, we outline the program changes made over the last 25 years.

- **2000: Creation of three-year income monitoring period.** In 1999, the Department's Office of the Inspector General reported that nearly 9,800 people were found to be making income after they received a TPD discharge of their loans from the Federal Family Education Loan Program (FFELP), and more than 6,800 new loans were awarded to borrowers who had received TPD discharge. This suggested that some people who were not truly totally and permanently disabled were getting TPD discharges. To combat fraud, the Department published a new regulation in 2000 that made TPD discharges conditional on a three-year monitoring period.[3] If a TPD recipient was found to have made more income than 100% of the poverty line for a family of two, or if they took out new federal student loans within three years of their TPD discharge, the Department would reverse the discharge and restart collection on the loans.[4] Borrowers were required to submit annual income reports and faced reversal of their discharges if they did not. These regulations also established that borrowers must use a form signed by their physician as certification of their qualifying disability.

- **2007: Introduction of new time limits.** In 2007, the Department published regulations with new time limits for key aspects in the application process, taking effect in 2008.[5] First, the Department required borrowers to submit their TPD applications within 90 days of the date their doctor signed the certification. No exceptions or extensions were offered, despite what commenters requested during rulemaking, suggesting it would be challenging for some disabled borrowers to manage. Second, the Department changed its practice of using the date the borrower became disabled as the date to establish eligibility for TPD. Instead, the Department used the date of the physician's certification to start the three-year monitoring period. This meant that borrowers who had been long disabled prior to their certification would not get refunds for payments made and would still have to wait out the three-year monitoring period.

- **2008: Introduction of new definition of totally and permanently disabled.** In 2008, Congress passed the Higher Education Opportunity Act (HEOA), which created a broader definition of TPD that ties eligibility to a person's inability to engage in "substantial gainful employment," which remains in place today. This definition recognizes that a person who receives a TPD discharge may still earn some income, subject to the same income limits put in place previously. The HEOA also created a pathway for certain veterans with a service-connected disability to use documentation from the U.S. Department of Veterans Affairs (VA) to get a TPD discharge in lieu of using the Education Department's application. The Department published corresponding regulations for these statutory changes in 2009.

[2] 34 CFR § 682.200 Definitions (1997), available at https://www.govinfo.gov/app/collection/cfr/1997/title34/chapterVI/part682.
[3] 65 FR 65694, Nov. 1, 2000, available at https://www.govinfo.gov/content/pkg/FR-2000-11-01/pdf/00-27891.pdf.
[4] 34 CFR 685.213 Total and permanent disability discharge (2001), available at https://www.govinfo.gov/app/collection/cfr/2001/title34/chapterVI/part685/subpartB.
[5] 72 FR 62010, Nov. 1, 2007, available at https://www.govinfo.gov/link/fr/72/61996.

- **2012: Expansion of TPD discharge eligibility to borrowers receiving Social Security Administration (SSA) disability benefits.** In 2012, the Department published a new regulation allowing certain borrowers receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits to qualify for TPD discharge. If the borrower's next scheduled disability review was to be within five to seven years from the date of their most recent SSA disability determination, then the borrower could submit their SSA notice of award to receive TPD discharge in lieu of submitting a separate certification from a physician. This regulation took effect in July 2013.

- **2016: Implementation of data matching program with SSA.** Following the regulation change in 2013, the Department began a program to proactively identify borrowers who would qualify for TPD discharge by cross referencing borrower data in the National Student Loan Data System (NSLDS) with SSA data. The first matches in 2015 and 2016 identified 387,000 borrowers. The Department's TPD servicer, Nelnet, then sent letters and TPD applications to those borrowers encouraging them to apply.

- **2017: Elimination of federal tax penalty on TPD discharges.** Historically, the Internal Review Service treated discharged student debt as income, which led to large tax liabilities for some borrowers. In 2017, Congress passed the colloquially-named *Tax Cuts and Jobs Act*, which temporarily eliminated the inclusion of debt discharged through TPD from an individual's gross income.[6] This took effect for TPD discharges starting January 1, 2018, but was set to expire at the end of 2025. The exemption was extended again in 2025 through the *One Big Beautiful Bill Act*.

- **2018: Implementation of data matching program with the VA.** Like the data matching program with SSA, the Department began matching borrower data with the VA in 2018. Nelnet similarly sent letters to qualified borrowers identified through the data match.

- **2019: Automatic TPD discharge for veterans with a service-connected disability.** In August 2019, President Trump issued a memorandum directing the Secretaries of Education and Veterans Affairs "to facilitate the swift and effective discharge" of federal student loans for qualified veterans. That fall, the Department published new regulations—effective July 2020—that allowed for the automatic discharge of loans under TPD for qualified borrowers identified through the data match with the VA. The Department estimated 20,000 veterans would get automatic debt relief.

- **2021: Automatic TPD discharge for borrowers identified in SSA data match.** Following the success of automatic discharges for veterans, the Department announced a regulation change to extend automatic discharges to qualified borrowers identified through the SSA data match. The new regulations took effect in July 2022. The Department estimated that 323,000 borrowers would receive more than $5.8 billion in automatic debt relief. In addition, to mitigate the harms of the COVID-19 pandemic, the Department waived its three-year income monitoring requirement, citing a Government Accountability Office report finding that 98% of TPD discharge reversals were due to borrowers not submitting their income documentation rather than exceeding income limits.

- **2022: Mitigation of barriers to TPD discharge.** The Department further revised the TPD program regulations to simplify the application and approval process and expand eligibility. First, the Department permanently eliminated the three-year income monitoring period that previously followed TPD discharges through SSA or physician's certification, as announced in 2021. Second, the Department expanded the types of SSA documentation a borrower can use to apply for TPD discharge and the categories of SSA designations that qualify for TPD discharge. For example, retired

[6] Pub. L. No. 115-97, 131 Stat. 2081. Available at https://www.congress.gov/bill/115th-congress/house-bill/1.

borrowers who provide documentation that they were previously on SSDI or SSI would qualify for TPD discharge. Third, the Department expanded the list of health professionals who may certify that a borrower is totally and permanently disabled to include licensed nurse practitioners, physician's assistants, and clinical psychologists. These regulations took effect in July 2023.

- **2024: Implementation of online processing reforms.** In April 2024, Federal Student Aid (FSA) began to implement its new student loan servicing environment, called the Unified Servicing and Data Solution (USDS). This entailed moving the processing of specialty student loan programs—including TPD—from external student loan servicers to FSA. At the end of 2024, FSA announced that the TPD program would begin its transition. Nelnet would stop processing TPD applications, and borrowers would instead submit TPD applications directly through StudentAid.gov, which other contractors would manage on the back end under FSA's supervision. This process was reportedly completed in March 2025, but observers have identified major problems that must be resolved, including backlogged applications, incorrect denials, inadequate customer service, and other processing failures. In conjunction with these changes, the Department launched a new online TPD application workflow that allows borrowers to start the form on StudentAid.gov and send it electronically to their medical provider to complete.

- **2025: Extension of federal tax relief on TPD discharges.** In the *One Big Beautiful Bill Act*, Congress extended its policy of excluding the amount of TPD-discharged federal student loans from a person's taxable income.[7]

Conclusion

The Total and Permanent Disability discharge program has provided critical debt relief to student loan borrowers for 60 years, and hundreds of thousands of borrowers have benefited from the program reforms highlighted above. Its recent history of improvements is encouraging; in particular, the automation of discharges for two groups of borrowers and the reduction in paperwork burdens are gold-standard characteristics of government programs that advocates consistently request. The Department should be careful to maintain and build on this progress for future borrowers who will need debt relief.

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[7] One Big Beautiful Bill Act of 2025, Pub. L. No. 119-21, 139 Stat. 168. Available at https://www.congress.gov/bill/119th-congress/house-bill/1/text.