

Advocates Praise Senators for Bold Student Loan Principles

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National Consumer Law Center Contact: Jan Kruse at jkruse@nclc.org

Boston – Today, U.S. Senators Schumer, Murray, Brown, and Warren introduced a proposal outlining their plan to protect the financial interests of millions of student loan borrowers during the COVID-19 pandemic by cancelling borrowers' student loan payments and protecting defaulted borrowers from the government's draconian collection powers.

The proposal would:

- Immediately cancel monthly student loan payments and authorize the U.S. Department of Education to make payments on behalf of federal student loan borrowers.
- Stop all garnishment of wages, tax refunds, and Social Security benefits.
- Stop all interest capitalization (including from interest accrued prior to President Trump's March 13th announcement).
- Codify the President's waiver of interest on federal student loans held by the Department, and extend this waiver to Federal Family Education Loan (FFEL) loans.
- Ensure that each federal student loan borrower receives a minimum of \$10,000 in student loan relief over the course of the national emergency.

Statement by Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance Project:

"We applaud Senators Schumer, Murray, Brown, and Warren for keeping at the forefront the needs of those student loan borrowers hit hardest by this current crisis. The COVID-19 pandemic is wreaking financial havoc on millions of student loan borrowers, and low-income borrowers and borrowers of color are getting hit the hardest.

"While social distancing and self-quarantine measures are critical for slowing the spread of the virus, they pose a great hardship for many people who need to work to cover their basic necessities. Lost income and insufficient paid leave will hurt people who work in the gig economy, are hourly workers, experience layoffs, or have childcare crises and coverage concerns (especially as schools and daycares close). Borrowers should not need to worry about their student loan payments at a time when they should be focused on the health and safety of their families and communities.

"As the situation worsens, we also need to ensure that low-income and vulnerable populations are protected as much as possible from the economic fall out. Distressingly, even in this public health crisis, the government is continuing to seize wages, Social Security benefits, and tax refunds from

the most vulnerable borrowers. Without these protections, any other relief provided by the government during the crisis could also be seized to pay a defaulted student loan. The bold measures proposed by Senators Schumer, Murray, Brown, and Warren are necessary to shield borrowers from the government's draconian collection powers and to ensure that Americans devastated by the financial crisis are able to dig out from this crisis in the months ahead. Congress should take immediate action and cancel all student loan payments now."

NCLC Resources

- Blog: Repaying Student Loans Amid COVID-19 Outbreak, March 12, 2020
- Brief: Congress Must Provide Relief to Defaulted Student Loan Borrowers; Recommendations for Higher Education Act Reauthorization, March 2020
- Report: Voices of Despair: Student Borrowers Trapped in Poverty When Government Seizes Their Earned Income Tax Credit Report and Press Release (2018)
- Report: Pushed into Poverty: How Student Loan Collections Threaten the Financial Security of Older Americans and Press Release (2017)