Senate COVID-19 Stimulus Bill is a Start but Falls Far Short for Families, Students, and the Nation’s Most Vulnerable

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Washington, D.C. - Late yesterday, the U.S. Senate passed a $2 trillion stimulus bill to assist businesses and families in the wake of the COVID-19 crisis. The package includes some helpful aid but it falls short in several critical consumer protection areas.

“While the Senate package contains some first steps to relieve the economic crisis, many families will continue to struggle and will be unable to meet basic needs without further action,” said National Consumer Law Center Associate Director Lauren Saunders.

“The enhanced unemployment benefits, stimulus payments, and temporary relief for some mortgage and student loan borrowers are welcome, but many people are left out. The bill fails to provide the widespread relief critically needed to stop foreclosures, evictions, utility shut-offs, bank account garnishments, car repossessions, harsh enforcement of government fines and fees, relief for student loan borrowers, and debt collection activities in general. The bill won’t stop severe consequences for American families who are struggling with debt, have little to no savings, are being crushed by the economic fallout, and have rent, mortgages, student loans, utilities, and other bills to pay on April 1 and in the weeks to come,” Saunders explained.

The bill also lacks protection against predatory lenders who will exploit the crisis, such as the temporary interest rate cap protections proposed by Senators Van Hollen and Brown, Saunders noted.

Some positive elements of the package include increased unemployment compensation, additional support for civil legal aid programs, funding to help low-income families with heating bills, some bankruptcy protections, and assistance for small businesses, along with some — but inadequate — relief for homeowners and student loan borrowers.

Mortgage Relief for Homeowners Provides Little Help
“Congress has missed a crucial chance to provide fair, workable protections for the housing market, although the package includes the already-announced policies of a brief foreclosure moratorium and payment forbearance for homeowners with government-backed loans,” said National Consumer Law Center staff attorney Alys Cohen. “Given the severity of this crisis, homeowners will need a foreclosure halt beyond two months. And the burden remains on borrowers to contact their mortgage companies for assistance even though experience makes clear that homeowners will face clogged phone lines and widespread servicer errors, resulting in limited access to payment relief and unnecessary foreclosures. One-third of the nation’s home mortgages — all those not backed by the government — remain without any mandated relief.”

Student Loan Borrowers Left High and Dry
The Senate picked winners and losers by giving certain federal student loan borrowers a short break from making payments, from interest accrual and from involuntary collection, but withholding that help from others. “Why did the Senate fail to protect the estimated 9 million borrowers with other types of federal loans?” asked Persis Yu, director of the National Consumer Law Center's
Student Loan Borrower Assistance Project. “Lawmakers missed an opportunity to both alleviate historic, inequitable student debt burdens through debt cancellation, and ensure that borrowers can make ends meet now and then recover along with the economy.”

No Aid for Families Lacking Broadband
“Millions of low-income individuals lack broadband internet, but the Senate hung up on families by not including additional funding for the emergency Lifeline broadband program. Lifeline can help keep elders and people with disabilities or suppressed immune systems connected with their doctors without leaving their homes, and broadband is essential for children and young adults to continue with their studies,” said National Consumer Law Center attorney Olivia Wein. “There is a direct public health benefit when households have broadband and can stay at home and remain connected remotely through online schooling, telehealth, and online access to benefits and services.”

Weak Credit Reporting Provision Will Have Long-Term Consequences
The Senate bill’s provision regarding credit reporting is entirely insufficient, weaker than the current industry standard for disaster victims, with little to actually protect consumers’ credit records from the devastating economic effects of this crisis. “Tens of millions of consumers will have their credit reports trashed and their scores nosedive because of mass unemployment and loss of income, impeding their ability to get affordable credit, jobs, housing, and to generally recover when this crisis is over,” said National Consumer Law Center attorney Chi Chi Wu. “This bill’s credit reporting provision is meaningless.”

States Can Help to Fill Gaps
State and local governments also have a role to play in helping families recover from the crisis. NCLC’s COVID-19 digital resources includes recommendations for what actions states can take to help consumers regarding mortgages, debt collection, utilities, and other topics.

Related Resources
- NCLC: Major Consumer Protections Announced in Response to COVID-19
- NCLC’s Surviving Debt: Expert Advice For Getting Out of Financial Trouble (online version) is free during this unprecedented crisis. The print version is also available to purchase with bulk discounts at NCLC’s Digital Library bookstore.