March 20, 2020

Chairman Lamar Alexander
428 Dirksen Senate Office Building
Washington, DC 20510

Ranking Member Patty Murray
428 Dirksen Senate Office Building
Washington, DC 20510

Chairman Bobby Scott
2176 Rayburn House Office Building
Washington, DC 20515

Ranking Member Virginia Foxx
2101 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Alexander, Ranking Member Murray, Chairman Scott and Ranking Member Foxx:

The coronavirus pandemic is imperiling the employment and economic security of people across the United States. As the federal government addresses this global crisis, Congress must protect student loan borrowers, especially the most vulnerable borrowers, from falling into delinquency, default, or further economic distress.

While the Trump administration has announced that interest will be waived on federal student loans, this action does nothing to minimize economic strain or provide immediate relief to the 45 million student loan borrowers across the country who collectively owe $1.5 trillion. Last year, 1.2 million borrowers defaulted on nearly $30 billion in federal student loans, and today, 9 million borrowers are delinquent on their loans. With so many borrowers already struggling to repay their debt, the emerging recession threatens to dramatically deepen the student loan crisis.

We are writing to urge you to support the proposal introduced by Senators Schumer, Murray, Brown, and Warren to aid federal student loan borrowers during the coronavirus crisis. Many partners in the Higher Ed, Not Debt campaign—including the undersigned labor, veteran, senior, student, civil rights, and consumer groups—are imploring you to protect and provide relief to student loan borrowers in the third wave of the stimulus package.

The urgency of these reforms continues to mount. These provisions must go along with future preparations for addressing almost certain declines in state funding for higher education, which will drive future debt levels higher.

We support the position proposed by Senators Schumer, Murray, Brown, and Warren because it is largely consistent with the following equity principles we recommend in Congress' emergency response to student debt relief.

Equity principles for stimulus package:

1. **Reduce debt burden by covering a minimum amount of debt for all borrowers.**

To provide direct relief, the federal government should make all federal student loan payments on behalf of student and parent borrowers for the duration of the crisis and for some time thereafter. All borrowers should ultimately receive a minimum amount of debt relief. This is to ensure that all borrowers receive adequate relief, and because some of the borrowers most in need of help are currently in default or have little-to-no monthly payments (due to options such as income-driven repayment).

This suspension of payments, combined with additional debt relief, will help borrowers to endure lost wages or loss of employment, and handle urgent expenses brought on by the crisis. Borrowers may be allowed the opportunity to opt in to payments.

Borrowers must also be protected from interest capitalization when they enter back into repayment. Congress should ensure these borrowers do not face negative consequences as a result of any cancellation.

2. **Debt cancellation must pay attention to equity.**

   Black, Latinx, Native American, and low-income borrowers as well as those who did not complete a postsecondary credential are the most at-risk of falling into further economic hardship. These groups should be carefully considered in any proposal to provide debt cancellation.

3. **Protect the most vulnerable student loan borrowers by halting all involuntary payments on student loans.**

   Any efforts to provide direct economic relief to families should ensure that stimulus funds are not seized for prior debt owed to the federal government, including student loan debt that is in default. Defaulted borrowers face steep consequences including damaged credit, assessment of collection fees of up to 25 percent of the loan balance, and wage, social security, and tax garnishment, and already may have been in precarious economic situations prior to the pandemic. Congress should ensure that student loan borrowers are not punished further through any involuntary collections, including seizure of economic stimulus funds.

   The Department of Treasury should also return any tax refund amounts already seized for this tax year, at minimum.

4. **Ensure borrowers in eligible repayment plans stay on track to forgiveness.**

   Borrowers enrolled in the Public Service Loan Forgiveness program or an income driven repayment plan (IDR) should be held harmless. This means that borrowers with a $0 monthly payment through IDR or who are otherwise on a path to forgiveness should not be negatively impacted by any actions to provide immediate debt relief. Congress should ensure that through any cancellation and efforts to offset interest accumulation, borrowers continue to track toward forgiveness throughout the economic crisis.

Providing relief to millions of student loan borrowers is the right thing to do, and it would be a powerful step towards stabilizing the economy — to the benefit of all Americans.

Signed,

Allied Progress
Americans for Financial Reform
Association of Young Americans (AYA)
Center for American Progress
Center for Responsible Lending
Consumer Action
Consumer Reports
Demos
Faculty Forward Network
Generation Progress
Hildreth Institute
Jen Mishory, Senior Fellow and Senior Advisor, The Century Foundation
Lawyers' Committee for Civil Rights Under Law
Maryland Consumer Rights Coalition (MCRC)
Massachusetts Teachers Association
National Consumer Law Center (on behalf of its low-income clients)
NextGen California
PHENOM (Public Higher Education Network of Massachusetts)
Service Employees International Union
Student Debt Crisis
The Center for Law and Social Policy
The Education Trust
UnidosUS
U.S. Public Interest Research Group (PIRG)
Veterans Education Success
Young Invincibles