

United States Senate
WASHINGTON, DC 20510

March 21, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington DC, 20510

The Honorable Charles E. Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington DC, 20510

Dear Majority Leader McConnell and Minority Leader Schumer:

As you negotiate a critical emergency financial recovery package in response to the Coronavirus pandemic (COVID-19) and its devastating impact on workers, families, and the economy, we urge you to include immediate relief and student debt cancellation for the nearly 45 million federal student loan borrowers shouldering record levels of student loan debt. This emergency relief for federal student loan borrowers must immediately cancel monthly student loan payments for the duration of the national emergency caused by the spread of the coronavirus and cancel a minimum of \$10,000 in student loan debt for all federal student loan borrowers.

In this third stimulus package, Congress must authorize the U.S. Department of Education to make monthly student loan payments on behalf of borrowers, equivalent to the amount due for all federal student loan borrowers (including Direct Loans and Federal Family Education Loans) for the duration of the national emergency declarations. These provisions would provide much-needed relief to federal student loan borrowers through the duration of this crisis and provide a long-term economic stimulus to help see the country through this crisis.

Students and federal loan borrowers were particularly hard-hit by the last economic crisis, which resulted in a spike in student loan debt during a historically weak job market. This population has remained under significant financial strain, an issue compounded by the COVID-19 public health emergency. Even before the public health emergency, the United States was in the midst of a student loan debt crisis—particularly for student loan borrowers of color—with outstanding debt surpassing \$1.6 trillion, millions of borrowers in default, and another borrower falling into default every 26 seconds. For borrowers in default, which predominately include students of color, low-income students, and those who were preyed upon by predatory colleges, the consequences of falling behind on these loans are disastrous.

The crushing burden of this debt is not unique to young people, three million people over the age of 60 are still struggling to pay back their student loan debt and more than 40,000 people over the age of 65 are seeing their Social Security benefits, tax refunds, and other critical government benefits garnished because they have fallen behind. Congress must act swiftly and decisively in

this moment to ensure that the health and safety of all communities, and of our economy, is a top priority. During this public health emergency, no person should have to choose between paying their student loan payment, putting food on the table, or keeping themselves and their families safe and healthy.

The Trump Administration announced its plans to waive student loan interest and defer payments. This announcement falls far short of what workers and families need to weather this emergency and thrive economically once this crisis is over. Proposals that would simply push payments down the road, like forbearance or deferment, are inadequate and simply delay the economic pain faced by student loan borrowers. These payment "pauses" are not true relief, are insufficient to meet the needs facing student loan borrowers in this critical moment, and provide little stimulus to our fragile economy.

Therefore, we respectfully request that Congressional negotiators prioritize the following relief for student loan borrowers as part of the emergency economic stimulus package:

- **Immediate monthly payment relief for student loan borrowers:** Congress should authorize the Department of Education to immediately take over the monthly payments of federal student loan borrowers during this public health emergency. By directly covering monthly payments during this public health crisis, workers and families will be able to mitigate the financial impact of unexpected costs associated with the COVID-19 epidemic. Pairing this relief with the across the board cancellation described below will safeguard equity as it will provide critical relief to low-income borrowers with low income-based monthly payments who continue to struggle to pay down their debt. It is critical that we move these two components in concert so we can truly improve the financial reality our borrowers face.
- **Across the board student loan debt cancellation:** We must ensure that any economic stimulus includes significant cancellation of borrowers' outstanding balances. Cancelling at least \$10,000 of student debt for all borrowers will help jumpstart our economy and make a significant difference for American families. It will also lift millions of student loan borrowers completely out of debt. This cancellation can serve as a direct stimulus to the economy when we need it the most and ensure that workers and families are prioritized during this crisis.
- **Shield borrowers from involuntary collections and offsets during this public health crisis:** For the millions of our most economically-distressed borrowers in default, the seizure or garnishment of wages, federal salaries, Social Security Benefits, and federal income tax returns like the Earned Income Tax Credit and the Child Tax Credit could be disastrous, particularly during this public health crisis. Congress must shield all student loan borrowers from any federal offsets that can prevent them from receiving critical benefits and supports. Congress must shield all student loan borrowers from any involuntary collections to ensure that student loan borrowers will benefit from all other stimulus legislation that includes direct payments to workers and families.

- **Exempt forgiven debt from being taxed:** As borrowers struggle to deal with the economic consequences of the current public health crisis, Congress must ensure that forgiven student loan debt can truly be used to stimulate the economy and does not result in hidden tax liability. A tax bill from the Internal Revenue Service only creates more unaffordable debt, potentially putting borrowers in a higher tax bracket, at a time when families and businesses across the country are struggling to stay afloat.

As policy makers, we have the opportunity to learn from the mistakes of the 2008 financial crisis. We must push an economic stimulus package that puts the livelihoods of vulnerable families as the top priority. Students and families should not have to worry that they will go into default on their student loans during or immediately after this emergency—they should be worried about keeping themselves and their loved ones safe. Student loan debt in this country is already crushing for many and without immediate and bold relief, it will prevent people from fully participating in our economy. We thank you for your urgent attention to this matter and look forward to working together to ensure that any economic stimulus package provides much needed relief for our nation’s student loan borrowers.

Sincerely,

Elizabeth Warren
United States Senator

Sherrod Brown
United States Senator

Richard J. Durbin
United States Senator

Bernard Sanders
United States Senator

Tammy Duckworth
United States Senator

Jack Reed
United States Senator

Richard Blumenthal
United States Senator

Kirsten Gillibrand
United States Senator

Chris Van Hollen
United States Senator

Jeffrey A. Merkley
United States Senator

Tammy Baldwin
United States Senator

Kamala D. Harris
United States Senator

Edward J. Markey
United States Senator

Cory A. Booker
United States Senator

Jeanne Shaheen
United States Senator

Robert Menendez
United States Senator