

Congress of the United States
Washington, DC 20515

May 8, 2020

The Honorable Nancy Pelosi
Speaker
US House of Representatives
Washington, D.C. 20510

The Honorable Kevin McCarthy
Republican Leader
US House of Representatives
Washington, D.C. 20510

Dear Speaker Pelosi and Minority Leader McCarthy,

As the COVID-19 pandemic continues to devastate workers, families and the economy, the actions that we take as policy makers will determine whether every American can benefit from a just, post-crisis economic recovery. We appreciate your leadership to date, including the establishment of temporary protections for federal student loan borrowers as part of the Coronavirus Aid and Recovery and Economic Assistance (CARES) Act, but recognize that more is desperately needed. As Congress continues its critical work to save lives, mitigate the spread of the virus and address the economic fallout caused by this unparalleled crisis, any future relief packages must include student loan debt cancellation and long-term relief for all struggling borrowers shouldering record levels of student loan debt.

Long before the COVID-19 pandemic wreaked havoc on our economy, 45 million Americans were crushed by more than \$1.6 trillion in student loan debt, hindering their ability to purchase a home, start a business, save for retirement and even start a family.¹ The unequal burden of this debt has fallen most heavily on low-income workers and families, communities of color², seniors and even veterans who attended for-profit colleges. Across the nation, 9 million individuals are in default, and every 26 seconds another borrower falls further behind.³ Black and Latinx⁴ communities are forced to borrow at higher rates to afford a higher education and face some of the most significant challenges paying down this debt.⁵ More than three million people over the age of 60 continue to struggle to pay back their student loans and more than 40,000 unfairly see

¹ NPR, "Heavy Student Loan Debt Forces Many Millennials to Delay Buying Homes" (Feb. 2019)

<https://www.npr.org/2019/02/01/689660957/heavy-student-loan-debt-forces-many-millennials-to-delay-buying-homes>

² Center for American Progress, "New Federal Data Show a Student Loan Crisis for African American Borrowers," (Oct. 2017)

<https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>

³ The Student Borrower Protection Center, "New Data Show Student Loan Defaults Spiked in 2019 – A Warning to Industry and DeVos Amid Economic Fallout," (Mar. 2020), <https://protectborrowers.org/every-26-seconds/>

⁴ Center for Responsible Lending, "Quicksand: Borrowers of Color & the Student Debt Crisis," (Jul. 2019),

<https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>

⁵ The Institute for College Access and Success, "Student Debt and the Class of 2017" (Oct. 2018) https://ticas.org/wp-content/uploads/legacy-files/pub_files/classof2017.pdf

their Social Security benefits, tax refunds and other critical government benefits garnished after falling behind.⁶ Taken together, these effects create a drag on the American economy.⁷

While we appreciate the steps taken in the CARES Act to provide temporary protections for many federal student loan borrowers, our response efforts to date have simply failed to meet the scale of the looming economic crisis. Jobless claims have skyrocketed, and Federal Reserve experts predict they may exceed Great Depression-era levels. In fact, more jobs have been lost in the last three weeks than in the entirety of the Great Recession.⁸ The economic downturn is expected to last well beyond this calendar year and will have lasting repercussions on the survival of workers and families for many years to come.

The crisis therefore requires more than temporary or piece meal relief efforts. Congress must take bold, decisive action to ensure that all will equitably benefit from our nation's relief efforts. Therefore, we respectfully request that Congressional negotiators prioritize the following long-term relief in any future COVID-19 response:

- **Universal, one-time, student loan debt cancellation:** Considering the increasingly troubling predictions about the severity and duration of the economic downturn, Congress must provide at least \$30,000 in one-time student loan debt cancellation for all federal student loan borrowers. Legislative proposals including the *Student Debt Emergency Relief Act* provide a roadmap for student debt cancellation during the COVID-19 public health crisis.

Robust student loan debt cancellation will have a disproportionately positive impact on our most vulnerable borrowers—potentially eliminating the loan balance of millions of low-income people and borrowers of color. Student debt cancellation will ease the financial and emotional distress faced by workers and families grappling with the economic devastation of the COVID-19 pandemic. Research has shown that student debt cancellation can help stimulate the broader economy, add up to 1.5 million jobs per year and boost GDP up to \$108 billion per year.⁹

- **Long-term payment relief for all federal student loan borrowers:** In response to this unprecedented pandemic, Congress took important steps in the CARES Act to provide six months of monthly payment relief for borrowers by suspending payments through September 2020. The protections, however, exclude one in five borrowers across the nation who have commercially-held FFEL loans or Perkins Loans. As a result, millions of borrowers are forced to continue making payments even as they face massive layoffs and continued economic uncertainty. Public health experts and economists alike have

⁶ Minda Zetlin, "3 Million Americans Over 60 Are Stuck With Student Loans. They Owe a Total of \$86 Million," (May, 2019), <https://www.inc.com/minda-zetlin/senior-citizens-student-loans-student-debt-social-security-garnished-retirement.html>.

⁷ Fullwiler, S. etl al., The Macroeconomic Effects of Student Debt Cancellation (February 2018); http://www.levyinstitute.org/pubs/rpr_2_6.pdf

⁸ Rebecca Rainey, Politico, "Unemployment Claims Near 17 Million in Three Weeks as Coronavirus Ravages Economy" <https://www.politico.com/news/2020/04/09/coronavirus-unemployment-claims-numbers-176794>

⁹ Jillian Berman, MarketWatch, "Canceling \$1.4 trillion in student debt could have major benefits for the economy," (Feb. 2018) <https://www.marketwatch.com/story/canceling-14-trillion-in-student-debt-could-have-major-benefits-for-the-economy-2018-02-07>

estimated that our nation will feel the economic impact of this pandemic for up to 18 months. Short-term relief from student loan debt payments simply does not reflect that reality. Any future relief package must extend the suspension of student loan payments through at least the end of Fiscal Year 2021 to ensure that all who have outstanding debt are financially able to resume repayment. All student borrowers deserve extended relief and Congress must not allow for broad exemptions that exclude 20% of borrowers. Furthermore, any future relief package must be truly universal and extend protections to borrowers who owe on commercially-owned FFEL and Perkins loans.

- **Expand protections for millions of private student loan borrowers and provide long-term relief through cancellation and refinancing.** The CARES Act completely abandoned millions of student loan borrowers who collectively owe nearly \$125 billion in private student loans. These borrowers already lack critical consumer protections in the private market and struggle to access relief in challenging economic times. Congress has a responsibility to protect all vulnerable workers and families throughout this crisis and should not limit protections and relief to those with federal loans. Any future relief packages must extend consumer protections—including cancellation, a suspension of payments and involuntary collections as well as the opportunity to refinance any outstanding balance at lower interest rates.

As policy makers, we have a responsibility to learn from past mistakes and pursue responses that reflect lessons learned. Over a decade ago, our nation faced an economic crisis that pales in comparison to what we face today. Then, we made the choice to prioritize the economic wellbeing of corporations at the expense of workers and families. We cannot make those same mistakes again. Student loan debt cancellation is a moral and economic imperative that prioritizes the livelihoods of vulnerable workers and families.

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,



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Member of Congress



Ilhan Omar
Member of Congress



Alma Adams, PhD
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