

March 20, 2020

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, DC 20515

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

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

Dear Speaker Pelosi, Majority Leader McConnell, and Minority Leaders McCarthy and Schumer,

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), the Institute for College Access and Success (TICAS), and the American Council on Education (ACE) we write to urge Congress to act swiftly to provide immediate repayment relief to federal student loan borrowers amid the COVID-19 crisis.

First, we ask that all borrowers who are delinquent on their loans be put into an immediate interest-free forbearance, to prevent them from going into default. To be clear, there should be a complete moratorium on any loan defaults during this widespread outbreak. Many borrowers will be struggling to meet their day-to-day expenses during this crisis, and they shouldn't be placed into crippling hardship caused by loan default. In addition, Congress should ensure that loans in default do not accrue interest and should impose an immediate moratorium on all involuntary collections, including wage garnishments, Social Security garnishments, and tax refund offsets. Any amounts already seized during this tax season should be returned. Should direct stimulus payments be sent to consumers, as some have proposed, no offsets of these funds should be allowed. Without protections from the Treasury offset, funds meant to provide immediate relief to struggling Americans may not reach borrowers in default.

Second, in order to allow families to focus limited funds on necessities during this uncertain time, Congress should direct the Department of Education (ED) to automatically pause all federal student loan payments by placing all federal student loan borrowers currently in repayment into an automatic, interest-free forbearance. No interest should accrue during this forbearance, and each month of paused payments should count as a qualifying payment for Income-Driven Repayment loan forgiveness and Public Service Loan Forgiveness. Ideally, this should be done in a way that ensures a smooth re-entry into repayment for borrowers when the crisis has abated and the time to resume payments begins.

Implementing automatic forbearance for all borrowers, with an opt-out option for those who wish to continue making payments, will allow those most in need of this benefit to access it without taking action or filling out forms. Structuring the forbearance as an opt-out rather than an opt-in means the

hardest-hit and most vulnerable borrowers, who may be adjusting to other economic disruptions or caring for family during this time, will not need to take action to receive the benefit, while still giving borrowers the option of continuing to make payments.

Borrowers should receive clear communications from ED informing them of both the benefits of this forbearance option and the option to opt out of the payment pause if they so choose. The ability to easily opt out of the forbearance should be available to borrowers via their online accounts, without them having to call their servicer or submit paper forms. Congress should also require ED to make a plan to smoothly transition borrowers back into repayment once the forbearance period ends to prevent a spike in delinquencies after the transition, which may include a grace period in protections that extend beyond the national crisis. Previous disaster-related forbearance for hurricanes and wildfires have contributed to rising delinquency and default rates after the forbearances ended.

It is critical that Congress act to provide borrowers with repayment relief as quickly as possible. Our respective organizations look forward to working with you on additional steps to address student debt during this emergency. We are grateful for the steps Congress has already taken to address the COVID-19 crisis, and respectfully request timely action to provide immediate relief for federal student loan borrowers, particularly those from vulnerable populations most impacted by this emergency.

Sincerely,



Justin Draeger,
President, NASFAA



Ted Mitchell
President, ACE



James Kvaal
President, TICAS

cc: Chairman Bobby Scott, Ranking Member Virginia Foxx, Chairman Lamar Alexander, Ranking Member Patty Murray, Chairwoman Rosa DeLauro, Ranking Member Tom Cole, Chairman Roy Blunt, Members of the House Education & Labor Committee, Members of the Senate Health, Education, Labor, and Pensions (HELP) Committee