

April 13, 2020

The Honorable Nancy Pelosi  
Speaker of the House  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
322 Hart Senate Office Building  
Washington, DC 20510

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

We, the undersigned organizations, write to thank you for your efforts to assist borrowers with federally held student loans during the COVID-19 national emergency in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act).

While we applaud that quick action for student loan borrowers, we are concerned that this unprecedented crisis is affecting many borrowers who have Perkins loans or Federal Family Education Loan Program (FFELP) loans that are not federally owned and who are not covered under the CARES Act. We respectfully request that you take action to enact, as part of your next emergency legislation, provisions to extend the CARES Act interest waivers, payment and collection activities suspensions, and other benefits to all FFELP and Perkins borrowers.

There are as many as 9 million federal student loan borrowers who hold loans that were not covered by the CARES Act. These loans have essentially the same terms and conditions as the loans that are owned by the federal government. These loans are held by financial institutions and non-profit/state entities (“commercially held”) or schools; the federal government supports or guarantees these loans against default. The impact of the recent wide-spread layoffs and economic disruption does not distinguish between whether the government or a private entity owns a borrower’s federal student loans—it affects these borrowers in the same way.

The federal government recently reported that the nation’s employers shed 701,000 jobs in March, a statistic that captures only the beginning of the sudden and sweeping economic crisis caused by the COVID-19 pandemic. Future reports are expected to push the unemployment rate to record highs, with some economists forecasting that the rate will rise to 13 percent in June, which would be the highest in the post-World War II era.<sup>1</sup> This is not just a healthcare crisis—it is a national emergency.

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<sup>1</sup> The Wall Street Journal, “Dire Economic Numbers Intensify Debate Over Lifting Coronavirus Restrictions,” April 9, 2020, <https://on.wsj.com/3e90dMx>

The just-enacted CARES Act suspended—interest-free—payments on all federally owned FFELP and Direct loans, while allowing suspended payments to count toward forgiveness and rehabilitation and protecting credit bureau reports. Yet, the CARES Act omitted as many as 9 million borrowers with commercially held FFELP loans and Perkins loans. A federal loan borrower—regardless of the origination of that loan, be it Part B, D, E, commercial, or government-held—should receive equal, immediate, and critical support in this unprecedented time. We believe there will be bipartisan support for correcting this inequity to ensure all federal borrowers receive assistance through congressional action. Already, borrowers are confused as to why their federal loans are treated differently than others.<sup>2</sup>

It is imperative that Congress take swift action to ensure equitable treatment for all borrowers and include legislative language in the next emergency bill to directly provide interest subsidies and other benefits to borrowers with FFELP and Perkins loans. We recognize that the language must be different than the CARES Act to work within the structure of both the FFELP and Perkins loan programs to get interest subsidies and emergency benefits to all federal student loan borrowers.

Thank you for your attention to this critical request as you consider legislation to make technical updates and amendments to the CARES Act. Our goals are the same—to assist students, families, and borrowers through this unprecedented time and reduce unforeseen burdens where we can. With your help, we can, together, serve student loan borrowers across the country by easing one area of difficulty they may be encountering.

Our organizations and members look forward to continuing to work with Congress, the Department of Education, and Federal Student Aid on their efforts to provide relief to students and their families. If you have any questions, please do not hesitate to reach out to our organizations.

Sincerely,

American Federation of Teachers (AFT)  
Americans for Financial Reform  
Association of Young Americans (AYA)  
Center for American Progress  
Center for Law and Social Policy (CLASP)  
Center for Responsible Lending (CRL)  
Consumer Bankers Association (CBA)  
Education Finance Council  
The Education Trust  
Generation Progress  
Hildreth Institute  
The Institute for College Access & Success (TICAS)  
The Institute of Student Loan Advisors  
Japanese American Citizens League  
JACL National Youth/Student Council  
National Consumer Law Center (on behalf of its low-income clients)

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<sup>2</sup> The Chronicle of Higher Education, “‘I Was Horrified’: For Millions of Borrowers the Coronavirus Stimulus Law Offers No Relief,” April 2, 2020, <https://bit.ly/2Vi7Jw1>

National Council of Higher Education Resources (NCHER)  
National Urban League  
National Women's Law Center  
New America Higher Education Program  
Student Debt Crisis  
Student Loan Servicing Alliance (SLSA)  
Student Veterans of America (SVA)  
U.S. Public Interest Research Group (PIRG)  
Young Invincibles