

August 5, 2020

ATTORNEY GENERAL RAOUL URGES SENATE TO PASS LEGISLATION TO ENSURE RELIEF FOR ALL FEDERAL STUDENT LOAN BORROWERS IMPACTED BY COVID-19 PANDEMIC

Chicago — Attorney General Kwame Raoul and Alaska Attorney General Kevin Clarkson today led a bipartisan coalition of 30 attorneys general in urging the U.S. Senate to provide relief for all federal student loan borrowers impacted by the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) currently only covers federal student loans owned by the federal government, excluding nearly 8 million borrowers whose federal student loans are owned by private entities.

“As people across the country are concerned with protecting themselves and their families from the coronavirus, many residents, including student borrowers, also are facing unprecedented financial hardships and economic uncertainty,” Raoul said. “Federal student loan relief should be available for all student borrowers, not just those with loans owned by the federal government.”

In March 2020, Congress passed the CARES Act, which provides financial relief for Americans impacted by the global pandemic, including student loan borrowers. Under the CARES Act, student loan borrowers do not have to make payments and interest will not accrue on their loans through Sept. 30, 2020. The CARES Act also suspends involuntary collection activities and negative credit reporting through Sept. 30, 2020. While this relief is critical, the student loan protections in the CARES Act only apply to federal student loans held by the federal government.

Nearly 8 million federal student loan borrowers have Perkins loans that are held by schools, or Federal Family Education Loan Program (FFEL) loans that are held by financial institutions. While the federal government supports or guarantees these loans against default, borrowers were denied CARES Act relief. These borrowers are struggling with the pandemic just as other federal student loan borrowers are, but do not have relief options under the CARES Act solely because of the entity that owns their loan.

[In the letter](#), Raoul and the coalition urge the Senate to provide the same relief currently available to borrowers whose federal student loans are owned by the federal government, including a temporary suspension of payments, a zero percent interest rate, and the suspension of involuntary collections. Raoul and the coalition also call for the relief measures to apply retroactively if borrowers have already made payments. The attorneys general state that members of the Senate can support added relief as part of a stand-alone bill – the Student Loan Fairness Act, S.4237 – recently introduced by Sens. Lisa Murkowski of Alaska and Jack Reed of Rhode Island, or as part of the larger coronavirus relief package currently being debated in the Senate.

In addition, recognizing that the effects pandemic will be long-lasting, Raoul and the coalition call on Congress to implement longer-term solutions for struggling borrowers. Such measures include extending the temporary suspension of payments past Sept. 30, 2020 and requiring student loan servicers to evaluate borrowers for income-driven repayment plans once they resume payments.

The Illinois Attorney General’s office has long been a national leader in investigating and enforcing consumer protection violations in the higher education field. Attorney General Raoul has overseen the rollout of the state’s first Student Loan Ombudsman, a position created by the Student Loan Servicing Rights Act, to provide resources for student borrowers who are struggling to make student loan payments.

Student borrowers who have questions or are in need of assistance can call the Attorney General's Student Loan Helpline at 1-800-455-2456. Borrowers can also file complaints on the [Attorney General's website](#).

Joining Raoul and Clarkson in the letter are the attorneys general of California, Colorado, Connecticut, Delaware, the District of Columbia, Guam, Hawaii, Idaho, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, New York, North Carolina, Oregon, Pennsylvania, Rhode Island, Vermont, the U.S. Virgin Islands, Virginia, Washington and Wisconsin.