



Josh Kaul
Wisconsin Attorney General

P.O. Box 7857
Madison, WI 53707-7857

NEWS FOR IMMEDIATE RELEASE

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AG Kaul Urges Senate to Ensure Relief for All Federal Student Loan Borrowers Impacted by the COVID-19 Pandemic

MADISON, Wis. – Attorney General Josh Kaul and a bipartisan coalition of 28 attorneys general are [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 eight million borrowers whose federal student loans are owned by private entities.

“There’s bipartisan agreement among AGs that student loan relief during this pandemic shouldn’t be dependent on who owns your loan. Borrowers need relief now,” said Attorney General Kaul.

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

Nearly eight million federal student loan borrowers have Perkins loans that are held by schools, or commercially-held 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, the coalition urges 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 0% interest rate, and the suspension of involuntary collections. The coalition also calls 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 Senators 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 of the pandemic will be long-lasting, the coalition calls on Congress to implement longer-term solutions for struggling borrowers. Such measures include extending the temporary suspension of payments past September 30, 2020 and requiring student loan servicers to evaluate borrowers for income-driven repayment plans once they resume payments.

Joining Attorney General Kaul in the letter are the attorneys general of Alaska, California, Colorado, Connecticut, Delaware, the District of Columbia, Guam, Hawaii, Idaho, Illinois, Iowa, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Washington.

A copy of the letter can be [found here](#).