



# U.S. Congressman Jimmy Panetta

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## **COVID-19 Action – Students and Student Loan Borrowers**

Students whose schools have closed for the year have had their lives disrupted and are facing economic challenges. Student loan borrowers who may be experiencing a loss of income due to COVID-19 are also facing the threat of heavy student loan debt.

The CARES Act assists students and student loan borrowers in several ways:

- The bill defers payments, principal, and interest for all federally owned student loans through September 30, 2020 (but not private loans).
- In addition, higher education institutions can distribute emergency grants to students who need financial assistance in connection to the coronavirus, such food, housing, course materials, technology, healthcare, and childcare.
- Students who are currently participating in the Federal Work Study program can continue to receive work-study payments from their institution if they are unable to work due to workplace closures
- If a student dropped out as a result of COVID-19, the legislation excludes the term from counting toward lifetime subsidized loan eligibility and lifetime Pell Grant eligibility.
- For this year, employers can also contribute up to \$5,250 towards an employee's student loan debts tax-free.
- The CARES Act also allows foreign universities to use distance learning to teach students who have federal student loans.

Additionally, the Department of Education has halted all collections of defaulted student loan debt and returning about \$1.8 billion to more than 830,000 defaulted borrowers whose money was withheld on or after March 13.

## **Student Loan Questions**

### **Will there be collections for defaulted loans?**

During this period, borrowers will not be subject to involuntary collections (garnishment of wages, tax refunds, and Social Security benefits) and will not have any negative credit reporting for late payments during this time period.

### **Will I get credit for forgiveness programs?**

Student borrowers will continue to receive credit toward Public Service Loan Forgiveness, Income-Driven Repayment forgiveness, and loan rehabilitation even though they will not be making payments.

### **Can I keep making payments if I want to?**

If borrowers want to continue making payments during this time to pay down principal and previously accrued interest (since no interest is accruing as of March 13) they are free to do so.

### **When will payments resume for federal student loan borrowers?**

Starting August, student loan borrowers will receive notices to help inform them that their regular loan payments and interest accrual will resume after September 30, 2020. These notices will help protect borrowers by providing them with a transition period to stay on track as regular loan payments resume and to offer them the option to enroll in other relief options (such as income-driven repayment, which can lower a borrower's monthly payment).

## **Food Assistance for Students**

### **My child relies on Food and Nutrition Service programs to eat. What assistance is available?**

On March 6, the United States Department of Agriculture (USDA) released [guidance](#) for how schools, child care institutions, and community organizations can continue to deliver reimbursable meals to food-insecure children during coronavirus-related school closures.

States that receive waivers from the USDA can work with partner organizations to provide meals at safe, designated non-school sites or in congregate settings to limit disruption for children in need of food assistance.