

Trump Administration's plan to pause student loan payments is woefully insufficient

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BOSTON—Today, advocates warn that the plan announced by the U.S. Secretary of Education Betsy DeVos to allow borrowers with federally held student loans the option to suspend their payments falls far short of what is needed in this national crisis.

Statement by Persis Yu, director of the National Consumer Law Center's Student Loan Borrower Assistance Project:

"The administration's plan to allow borrowers to request a pause in payments is woefully insufficient for addressing the needs of millions of student loan borrowers struggling during this public health crisis. Borrowers who may be short on funds and have limited bandwidth between juggling changes in their childcare and work plans should not have to also find time to consult with their loan servicer.

"Worse still, pausing payments simply kicks the can down the road. Struggling borrowers still burdened with historically high student loan debt will face a potentially devastated economy when payments resume. Moreover, under the Administration's plan, borrowers in an income-driven repayment plan, those working towards Public Service Loan Forgiveness, or seeking similar relief will lose out on qualifying time towards forgiveness, leaving them burdened by student debt longer. And the plan fails to even cover the 1.2 million borrowers with Federal Family Education Loans not held by the Department.

"What's needed at this time is bold action. Borrowers should not have to jump through needless hoops or make sacrifices they cannot afford right now. We need to do more than just pause payments. We need to cancel student loan payments and ensure that balances go down so borrowers can make ends meet now and then recover along with the economy. That is the real, lasting relief lawmakers must deliver for student loan borrowers."

NCLC Resources

- **Blog:** Repaying Student Loans Amid COVID-19 Outbreak, March 12, 2020
- **Brief:** Congress Must Provide Relief to Defaulted Student Loan Borrowers; Recommendations for Higher Education Act Reauthorization, March 2020