

RELIEF AND RESOURCES FOR COLLEGE STUDENTS AND STUDENT LOAN BORROWERS

Congress has passed several rounds of financial assistance and relief in response to the COVID-19 pandemic, including most recently the *American Rescue Plan*. The *American Rescue Plan* includes the following assistance for college students and student loan borrowers.

*** WHAT IS NEW IN THE AMERICAN RESCUE PLAN ***

The *American Rescue Plan* provides for more than \$39 billion for colleges and universities. At least half of the funds received by colleges and universities must be used for direct financial assistance to students. Details are below.

In addition to the *American Rescue Plan*, you may be eligible for ongoing relief provided by the *Families First Coronavirus Response Act* (“Families First”), the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (COVID relief law)*, and executive action taken by President Biden.

Overview

The *CARES Act* and the COVID relief law provided assistance to K-12 schools, teachers, higher education institutions, college students, and student loan borrowers. The *American Rescue Plan* ensures that all COVID-19 student loan relief is tax-free.

The *CARES Act* established a Higher Education Emergency Relief Fund (HEERF), which could be used to defray expenses for institutions of higher education, such as lost revenue, technology costs associated with a transition to distance education, and grants to students for food, housing, course materials, technology, health care, and child care. The COVID relief law replenished the HEERF and the *American Rescue Plan* adds an additional \$39 billion to the fund.

For students who received federal financial aid, the *CARES Act*, COVID relief law, and subsequent executive action paused student loan repayments, ensuring that the pandemic does not impact their future ability to receive federal financial aid.

Federal Student Loan Payments

President Biden signed a presidential memorandum on January 20, 2021, that extended the student loan relief provisions authorized by the *CARES Act*. If you have a federal student loan—Direct or FFEL loans held by the U.S. Department of Education—all of your payments are suspended through September 30, 2021, and you will not accumulate interest during that time. Borrowers should have received notification that their loan payments are put on hold. When regular student loan payments resume, the U.S. Department of Education will notify student loan borrowers to inform them. These notices are intended to provide a transition period to help borrowers stay on track as regular loan payments begin again and to enroll in other relief options

(such as income-driven repayment) at such time. For more information, visit the Federal Student Aid's website [here](#).

Student Loan Collections

You are also protected against forced collections on federal student loans (such as garnishment of wages, tax refunds, and Social Security benefits) and negative credit reporting during this time period. More information on federal student loan payments and collections can be found [here](#).

Student Loan Payments by Employers

If your employer provides a student loan repayment benefit, you can temporarily exclude up to \$5,250 in these payments from your income. The \$5,250 cap applies to both the new student loan repayment benefit as well as other educational assistance (e.g., tuition, fees, or books) provided by the employer under current law. The provision applies to any student loan payments made by an employer on behalf of an employee after March 27, 2020 and has been authorized through December 31, 2025 under the CRRSAA.

Student Loan Relief Tax Exclusion

The *American Rescue Plan* ensures that all COVID-19 student loan relief is tax-free for relief received between January 1, 2021 and December 31, 2025. For example, if your income-driven repayment plan becomes eligible for loan forgiveness in that time period, the amount of the loan that is discharged will not be included in the calculation of your gross income.

Financial Assistance for Students

Colleges and universities are required to use no less than 50 percent of their HEERF amount to provide financial aid grants to students (including students exclusively enrolled in distance education), which may be used for any component of the student's cost of attendance or for emergency costs that arise due to coronavirus, such as tuition, food, housing, health care (including mental health care), or child care. In making financial aid grants to students, colleges and universities must prioritize grants to students with exceptional need, such as students who receive Pell Grants. The U.S. Department of Education provided guidance to colleges and universities about this additional assistance, along with eligibility and administrative guidelines. More information is available from your school's financial aid office and from the U.S. Department of Education [here](#).

Federal Work Study

Colleges and universities may issue payments as a lump sum or in payments similar to a paycheck to students who receive federal work study and are unable to work due to work-place closures. More information is available from your school's financial aid office.

Help for Students Who Cannot Complete the Semester

If a student must drop out of school because of the COVID-19 pandemic:

- The term does not count against them for the amount of subsidized federal loans and Pell Grants they are eligible for;
- They do not have to return unused federal student loans or Pell Grants;
- The portion of the student's loan taken out for the semester (or equivalent) is cancelled if a student withdrew due to COVID-19; and

- Grades will not impact students' ability to meet federal academic requirements to receive Pell Grants or student loans.

More information can be found [here](#).

Additional Resources for Federal Financial Aid Questions

Federal Student Aid

The [U.S. Department of Education's office of Federal Student Aid](#) can help answer questions about the type of loans a student holds and what kinds of relief are available.

- [FAQ's](#)
- [Help and Call Center](#)
- [Finding your loan servicer](#)
- Contact information: 1-800-433-3243

Consumer Financial Protection Bureau

The [Consumer Financial Protection Bureau](#) can review complaints and help to navigate financial products like student loans.

- Student Loan [Overview](#)
- [Submit a complaint](#)
- Contact information: 855-411-2372