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A Students' Stimulus: Supporting Young People During the COVID-19 Pandemic

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The Class of 2020 is graduating into the worst economy in generations. Unemployment is higher today than [any time since the Great Depression](#). Nearly [one in three people under 30 are unemployed](#), and students who graduate during a recession could face [depressed earnings for a decade](#). Recent graduates are struggling — and Congress must meet their needs in future stimulus packages.

Full Student Debt Cancellation

The Problem: 45 million people owe a staggering [\\$1.6 trillion in student debt](#) — and millions more are about to graduate with student debt that they have no way to pay back.

- Student debt is already throwing a generation into financial insecurity, forcing people to [drop out of school](#) before graduation, and [widening the racial wealth gap](#). The COVID-19 crisis is exacerbating the student debt crisis.
- The CARES Act, Congress' third COVID-19 response package, put federally held student loans, interest, and involuntary collections (like garnishing your wages) on pause until September 30, 2020. But [privately held loans aren't on pause](#), including most Federal Family Education Loan Program (FFEL) loans and most Perkins loans. Many borrowers don't know if they qualify for relief.
- While some loans are on pause, borrowers will still be stuck with their full bill once they're expected to pay loans again. Even before the COVID-19 crisis, most Americans lived in financial precarity. In part because of the crushing burden of student loans, [57% of Americans couldn't](#) cover an unexpected \$500 expense without going into debt. Worse still, student loan burdens fall [most heavily on students of color](#).

The Solution: If Congress can bail out America's biggest corporations, we can help student borrowers, giving them much-needed financial breathing room.

- The Heroes Act — a fourth stimulus package passed by House Democrats — would [pause all student loans](#), regardless of who holds them, for another year (till Sept. 2021). The legislation would also cancel up to \$10,000 in student debt for “economically distressed borrowers,” a [narrow category that excludes](#) many people who have been laid off during the pandemic. It's a start, but it's not enough — and even then, as millions more people lose their jobs, the Senate has not acted on this bill.

- Full student debt cancellation could give the economy a much-needed boost — one study found it could [increase GDP by about \\$108 billion](#) for 10 years — benefiting everyone.
- Full student debt cancellation would help [narrow the racial wealth gap](#), which the COVID-19 crisis threatens to deepen. Unemployment has spiked to its [highest rate since](#) the Great Depression, and is [even higher for Black workers](#) than White workers. When Black workers lose their jobs, they are [even less likely than](#) White unemployed workers to receive unemployment insurance benefits. Full cancellation would provide much-needed relief to people of color who are most impacted by the COVID-19 pandemic.

Jobseeker's Allowance

The Problem: Many students graduating this year aren't able to find jobs, as [nearly 44 million people](#) have filed for unemployment and businesses around the country have shuttered or scaled back operations. But:

- People typically only qualify for unemployment insurance (UI) if they have a recent work history, which [many high school and college students do not](#).
- Under the temporary improvements to UI made by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020, students will be eligible for UI if they lost a job they worked while in school, or if they lost an existing job offer due to the COVID-19 pandemic — but graduating students who are still looking for jobs won't be eligible for UI.
- Many recent graduates will have no way to pay for rent, healthcare, food, or mounting student loan bills.

The Solution: [A "Jobseeker's Allowance" \(JSA\)](#) would provide a weekly cash benefit to people, like graduating college students, who aren't eligible for UI, but who are searching for a job. Graduating students and other new entrants into the job market would have a way to make rent, much like people in [the UK](#) and [Germany](#) do.

- A Jobseeker's Allowance would also provide job-search assistance to people who need it, and would have similar job-search requirements as UI — but with exceptions for periods of extreme unemployment or [emergencies like the COVID-19 pandemic](#).
- The JSA would last up to 13 weeks and be available to anyone whose household income was below \$118,500 per year.
- Not only would the JSA help students, it would support all people who are looking for a job, but don't qualify for UI because they don't have an unemployment history — like recently incarcerated people, people who have been out of the workforce for an extended period of time or family caregivers who want to return to work.