

**From:** CECU Government Relations [communications@career.org](mailto:communications@career.org)   
**Subject:** CECU Government Relations Newsletter  
**Date:** August 11, 2020 at 9:36 AM  
**To:** [catherine@nepcsa.org](mailto:catherine@nepcsa.org)

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Government Relations

August 11, 2020

## CECU Government Relations Newsletter

**NO COVID-19 DEAL BEFORE AUGUST RECESS!**  
**What that means for the sector!**

Welcome to CECU's Government Relations Newsletter. Our newsletters keep you up to date on the work CECU is doing to support our members, their students, and the sector.

### **Presidential Executive Order Defers Student Loan Payments through December 31st!**

- On Saturday, August 7, President Trump signed [four executive orders](#) (EO) to provide relief from the economic devastation the COVID-19 pandemic has caused. The executive orders were issued after COVID-19 relief legislative negotiations came to gridlock on Friday, August 6. The four executive orders signed by POTUS on Saturday are as follows: 1) [defer payroll taxes for Americans earning less than \\$100,000 a year](#); 2) [provide a moratorium on evictions and give financial assistance to renters](#); 3) [add \\$400 per week in extra unemployment benefits through the end of 2020](#); and 4) [postpone student loan interest and payment through the end of 2020](#).

Out of the four EOs, the most important to our sector is the continuation of student loan payment relief during the COVID-19 pandemic. The CARES Act student loan payment relief is set to expire on September 30, 2020; however, the EO will continue student loan payment relief, waive all interest on student loans held by the Department of Education until December 31, 2020, or until a phase 4 COVID-19 relief package is enacted into law.

#### **Background:**

On March 13, 2020, President Trump [announced](#) he would be pausing the interest on federal loans to borrowers impacted by the COVID-19 pandemic. The order would apply to all federal loans, including those in income-driven repayment plans, those in forbearance, federally held Federal Family Education Loan Program, and federal-held Perkin loans.

Later in March, the CARES Act ([Pub. L. No. 116-136](#)) was signed into law. In the act, Section 3513 required the Department of Education (ED) to suspend all payments due on Federal Direct Loans and Federal Family Education Loans held by ED through September 30, 2020. The borrowers received credit towards their loans as though the borrowers had made the payment. The act also waived interest on those loans for the same period. The act also prohibited ED from garnishing wages, tax refunds, or Social Security benefits to collect defaulted loans during the same period. ED also applied Section 3513 retroactively to March 13, 2020, when President Trump declared a national emergency related to the COVID-19 pandemic.

#### **CECU Insight:**

As discussed above, The executive and legislative branch came to an impasse in negotiating the phase 4 COVID-19 relief package. President Trump then issued four executive orders. There is a debate whether the executive orders were meant to advance needed support to certain sections of the population or to add pressure to Democrats to continue negotiating towards a phase 4 COVID-19 relief package. Democrats have complained the President has overstepped on powers inherent to Congress. However, if Democrats challenge the executive orders

without a phase 4 COVID-19 relief package, the people impacted would be detrimental to many rank-and-file Democrat voters.

Whether the courts consider the EOs constitutional or not, the EOs applies pressure to the negotiators to return to negotiations and finalize a phase 4 COVID-19 relief package.

#### **Congress Updates:**

- After days of closed-door negotiations between White House and Democrat Leaders, they are no closer to finalizing a phase 4 COVID-19 relief package as they were when they started. The impasse is due to significant policy disagreements. Those policy disagreements range from federal unemployment, COVID-19 testing and treatment, state and local funding, direct payments of up to \$1,200 to Americans, and the cost of the relief package where Republicans want a \$1 trillion package and Democrats want a \$2 trillion package.

Last week, before both the Senate and House, left for the weekend, it was announced that both chambers would delay their planned August recesses as they stay hopeful a phase 4 COVID-19 relief package can be negotiated. Lastly, any passage of a phase 4 COVID-19 relief package will require strong Senate Democratic support in the Senate, as conservative Senators and swing-state Senators differ on the right approach in the passage of a phase 4 COVID-19 relief package.

#### **Upcoming Congressional Hearings:**

- House and Senate are not holding any hearings this week.

#### **In Case You Missed It**

CECU Government Relations sent out our first Government Relations Newsletter on July 1, 2020. You can review all past Government Relations Newsletters on the CECU Member Resource Center by clicking here.

***Congress is entering August recess, when there is information impacting the sector and CECU members, CECU Government Relations will send out newsletters to inform members.***

If you have any questions or need additional information on CECU government relations efforts, please contact Steve Gonzalez, Senior Vice President of Government, Military, and Veteran Relations at [steve.gonzalez@career.org](mailto:steve.gonzalez@career.org).



**Career Education Colleges and Universities**  
1530 Wilson Blvd | Suite 1050 | Arlington, VA 22209  
Phone: 571.970.3941 | Fax: 571.970.6753 | [career.org](http://career.org)

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