

Governor Newsom Announces Additional Relief for Californians Impacted by COVID-19

Published: Apr 23, 2020

Announces deal to expand student loan relief for 1.1 million Californians

Governor also signs an executive order to stop debt collectors from garnishing individual COVID-19-related financial assistance

SACRAMENTO – Governor Gavin Newsom today announced that most private student loan servicers have agreed to provide payment and other relief to borrowers, including more than 1.1 million Californians with privately held student loans. He also signed an executive order to stop debt collectors from garnishing COVID-19-related financial assistance.

“Californians are reeling from the financial impact of COVID-19, the recently unemployed and those with student loan debt are among the hardest hit,” said Governor Newsom. “The last thing they deserve is to see more money withheld as they try to put food on the table and pay their rent or mortgage.”

The federal Coronavirus Aid, Relief, and Economic Security (CARES) Act provided much-needed relief for students with federal loans, including the suspension of monthly payments, interest, and involuntary collection activity until September 30, 2020. However, the CARES Act did not address millions of student loan borrowers with federal loans that are not owned by the U.S. government as well as loans made by private lenders. The initiative announced today gives direct help to those borrowers.

Under the new initiative by California and other states, students with commercially owned Federal Family Education Loan or privately held student loans who are struggling to make payments due to the COVID-19 pandemic may also be eligible for expanded relief. Relief options include providing a minimum of 90 days forbearance, waiving late payment fees, ensuring that no borrower is subject to negative credit reporting, and helping eligible borrowers enroll in other assistance programs.

Governor Newsom also signed an executive order that exempts garnishment for any individuals receiving federal, state or local government financial assistance in response to the COVID-19 pandemic. This includes recovery rebates under the CARES Act. Funds may still be garnished for child support, family support, spousal support or criminal restitution for victims.

These actions will help those Californians who are impacted the most by the COVID-19 pandemic.

The text of the Governor’s executive order can be found [here](#) and a copy can be found [here](#).

###