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

Last Updated: June 25, 2020

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 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.