

AMERICAN PAYROLL ASSOCIATION

July 16, 2020

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Avenue, SW
Washington, DC 20202

The Honorable Mitchell Zais
Deputy Secretary
U.S. Department of Education

Mr. Mark Brown
Federal Student Aid
U.S. Department of Education

Dear Secretary Devos, Deputy Secretary Zais, and Mr. Brown:

The American Payroll Association (APA) brings to your attention concerns regarding the management of involuntary student loan payments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act § 3513, Temporary Relief for Federal Student Loan Borrowers. APA supports the temporary loan forgiveness period because of COVID-19 hardship; however, we are concerned about the administration of these loans when the hardship period ends, specifically related to orders for employers/payors to withhold from employees' wages.

Normally, payroll/garnishment departments of employers/payors receive an order for a student loan garnishment that identifies the employee, how much is owed (percentage of disposable earnings), and where to send payments. The administration of the CARES Act indicates that borrowers will be notified of interest and suspension of payments and an employer can request a "mass" stop-wage garnishment order. However, further instructions have not been provided to employers.

Following the end of the forgiveness period under the CARES Act (or a law extending the forgiveness period beyond September 30, 2020), employers will require a new order if the student loan garnishment is to resume. The new order, like previous orders, must include

the employee's identity, amount due at the time issued, the percentage to withhold, and where to remit payments.

A new order is necessary because previous orders were considered closed under CARES Act instructions. If the debt is still owed, the employer/payor must receive official documentation, based on federal laws, identifying the current amount owed and to begin withholding from the employee's disposable earnings.

An employee's employment status may have changed during the COVID-19 emergency. Therefore, the employer/payor must notify the federal student loan creditor, accordingly. This is a normal part of the administrative wage garnishment process that requires a valid order for reference when contacting creditors.

APA would be pleased to discuss the need for CARES Act guidance further with you and your staff. You can reach us through Corrinne Flores at 909-971-5858 or corrinne.flores@adp.com and Alice Jacobsohn, Esq., at 202-669-4001 or ajacobsohn@americanpayroll.org. Thank you.

Sincerely,



Corrinne Flores
Chair, Child Support and
Other Garnishments Subcommittee



Alice P. Jacobsohn, Esq.
Senior Manager, Government Relations

About the American Payroll Association

APA is a nonprofit association representing more than 20,000 payroll professionals throughout the United States. Some APA members work for payroll service providers who in turn process the payrolls for another 1.5 million employers, representing an aggregate total of one-third of the private-sector workforce.

APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. In addition, the APA's Government Relations Task Force works with the legislative and executive branches of government to find ways to help employers satisfy their legal obligations, while minimizing the administrative burden on government, employers, and individual workers.