

117TH CONGRESS
1ST SESSION

S. RES. _____

Calling on the President of the United States to take executive action to broadly cancel Federal student loan debt.

IN THE SENATE OF THE UNITED STATES

_____ submitted the following resolution; which was referred to the Committee on _____

RESOLUTION

Calling on the President of the United States to take executive action to broadly cancel Federal student loan debt.

Whereas the United States is facing historic public health and economic crises caused by the coronavirus (COVID–19) pandemic that threatens the financial well-being of nearly every American family;

Whereas even before the COVID–19 pandemic, the United States also faced a historic student loan crisis, which is currently holding back our struggling economy and restricting opportunity and prosperity for millions of American families;

Whereas nearly 43,000,000 Americans currently hold more than \$1,500,000,000,000 in Federal student loan debt;

Whereas more than 9,000,000 Federal student loan borrowers are currently in default on those Federal student loans;

Whereas the COVID–19 economic recession and historic unemployment have compounded stagnant wages, labor market discrimination, and rising costs of living, making it nearly impossible for many Americans to ever fully repay their student loans;

Whereas this historic student debt crisis has left millions of Americans less prepared to weather the recession triggered by the COVID–19 pandemic as Black and Brown communities, which never fully recovered from the devastating effects of the previous economic recession, have been hit hardest by the devastating health and economic consequences of the COVID–19 pandemic;

Whereas student debt disproportionately impacts Black and Brown borrowers, who face the worst effects of the student debt crisis, with—

(1) Black households disproportionately holding the most debt, compared to other households;

(2) Black students, due to ongoing structural barriers that have resulted in persistent racial inequities in incomes and wealth, forced to accrue more student debt and more often than their White peers;

(3) Black student borrowers struggling more in student loan repayment, including defaulting at higher rates than their White peers;

(4) nearly half of Black graduates owing more on their undergraduate student loans 4 years after graduation than they did when they received their degree;

(5) the median Black student borrower owing 95 percent of their debt 20 years after starting college, while

the median White student borrower owing 6 percent of their debt after such period;

(6) Latino student borrowers, who borrow at rates similar to their White peers despite having lower household incomes and significantly less household wealth, are more likely than their White peers to default on their student loans;

(7) within 6 years of starting school, Latino borrowers are almost twice as likely to default on their student loans, in comparison to their White peers; and

(8) women of color, particularly Black women, on average take on more student loan debt than members of any other group and are more likely to face difficulties repaying student loans;

Whereas parents, grandparents, and older individuals are especially vulnerable to the burden of student loan debt, as people over the age of 50 are most likely to default on their student loans and over 114,000 retired people have had their Social Security benefits garnished due to their student loans;

Whereas almost $\frac{1}{3}$ of the outstanding Federal student loan debt is held by individuals who did not complete their degree or program, and nearly 40 percent of Federal student loan borrowers have no degree 6 years after enrolling in college;

Whereas Black students and other students who have attended Historically Black Colleges and Universities have had to bear a larger share of student loan debt because of the historic and continued underfunding of these institutions at the State and Federal levels;

Whereas student loan debt cancellation for the families that need it most can substantially increase Black and Latino household wealth and help close racial wealth gaps;

Whereas women hold more than two-thirds of the Nation's student loan debt and must borrow an average of \$3,000 more than men to attend higher education;

Whereas, if left unaddressed, the student debt crisis will worsen inequality, exacerbate the current recession, widen the racial wealth gap, and slow economic recovery;

Whereas broad student loan debt cancellation is the most efficient and effective solution to our student debt crisis, would help millions of families, and would remove a significant drag holding back our economy;

Whereas broad student loan debt cancellation would provide immediate relief to millions of American families who are struggling during this pandemic and recession, and prevent them from having an unsustainable student debt burden waiting for them once this pandemic is over;

Whereas broad student loan debt cancellation would provide a boost to our struggling economy through a consumer-driven economic stimulus, greater home-buying rates and housing stability, expanded access to more affordable financial products including car loans and mortgages, higher college completion rates, and greater small business formation;

Whereas more than 230 community, civil rights, consumer, and student advocacy organizations have urged student loan debt cancellation for all borrowers in response to the COVID-19 pandemic public health and economic crises;

Whereas cancelling up to \$50,000 in Federal student loan debt per borrower is the most equitable way to ensure the

benefits of cancellation reach the borrowers most in need of relief because that action would lift a disproportionate number of low-income borrowers and Black and Latino borrowers completely out of student debt, including nearly 90 percent of all borrowers in the lowest income quintile and over 90 percent of Black and Latino borrowers in the lowest income quartile;

Whereas borrowers who would receive full student loan debt cancellation if the Federal Government cancelled \$50,000 per borrower in student loan debt have lower income and assets than the borrowers who would receive partial cancellation if the Federal Government took that action;

Whereas Congress has already granted the Secretary of Education the legal authority to broadly cancel student debt under section 432(a) of the Higher Education Act of 1965 (20 U.S.C. 1082(a)), which grants the Secretary the authority to modify, “. . . compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption”;

Whereas, in 2020, the Department of Education reportedly used this authority to implement relief for Federal student loan borrowers during the COVID–19 pandemic; and

Whereas, on June 29, 2020, President Donald J. Trump, with the support of Secretary of Education Betsy DeVos, vetoed H.J. Res. 76 “Providing for congressional disapproval under chapter 8 of title 5, United States Code, of the rule submitted by the Department of Education relating to ‘Borrower Defense Institutional Accountability’ ”, blocking a resolution that passed Congress with bipartisan support to overturn a Department of Education rule that makes it harder for defrauded Federal

student loan borrowers to see their loans discharged:
Now, therefore, be it

1 *Resolved*, That the Senate—

2 (1) recognizes the Secretary of Education’s
3 broad administrative authority to cancel Federal stu-
4 dent loan debt under the existing authorities of sec-
5 tion 432(a) of the Higher Education Act of 1965
6 (20 U.S.C. 1082(a));

7 (2) calls on the President of the United States
8 to take executive action to broadly cancel up to
9 \$50,000 in Federal student loan debt for Federal
10 student loan borrowers administratively using exist-
11 ing legal authorities under such section 432(a), and
12 any other authorities available under the law;

13 (3) encourages the President of the United
14 States, in taking such executive action, to use the
15 executive’s authority under the Internal Revenue
16 Code of 1986 to ensure no tax liability for Federal
17 student loan borrowers resulting from administrative
18 debt cancellation;

19 (4) encourages the President of the United
20 States, in taking such executive action, to ensure
21 that administrative debt cancellation helps close ra-
22 cial wealth gaps and avoids the bulk of Federal stu-
23 dent loan debt cancellation benefits accruing to the
24 wealthiest borrowers; and

1 (5) encourages the President of the United
2 States to continue to pause student loan payments
3 and interest accumulation for Federal student loan
4 borrowers for the entire duration of the COVID-19
5 pandemic.