Sanders, Jayapal and Omar Introduce Groundbreaking Bills to Ensure College For All and Eliminate All Student Debt

Monday, June 24, 2019

Washington, June 24 — Sen. Bernie Sanders (I-Vt.), Rep. Pramila Jayapal (D-Wash.), and Rep. Ilhan Omar (D-Minn.) unveiled landmark legislation today to eliminate tuition and fees at all public four-year colleges and universities, as well as make community colleges, trade schools, and apprenticeship programs tuition- and fee-free for all. The three lawmakers' proposal also eliminates all $1.6 trillion in student debt for 45 million Americans.

"This is truly a revolutionary proposal which accomplishes three major goals," **said Sanders.** "First, in a highly competitive global economy, it makes certain that all Americans, regardless of income, can get the college education or job training they need to secure decent paying jobs by making public colleges, universities and trade schools tuition-free and debt-free."

"Second, in a generation hard hit by the Wall Street crash of 2008," **Sanders said,** "it cancels all student debt and ends the absurdity of sentencing an entire generation to a lifetime of debt for the 'crime' of getting a college education. Third, it pays for these proposals by implementing a tax on Wall Street speculators. In 2008, the American people bailed out Wall Street. Now, it is Wall Street's turn to help the middle class and working class of this country."

"There is a crisis in higher education at a time when a postsecondary degree is more important than ever," **said Jayapal.** "A college degree should be a right for all, not a privilege for the few. What's more, our student debt crisis is oppressing borrowers of color, shutting them out from the benefits that American higher education can and should offer. I am so proud to stand with my colleagues and introduce this bold package of legislation to reinvest in our nation's future. We are committed to restoring freedom to students, workers and families – freedom from the student debt that is holding them back."

"There are currently 45 million Americans with student debt," **said Omar.** "That's 45 million people who are being held back from purchasing their first home; 45 million people who may feel that they can't start a family; 45 million people who have dreams of opening a business or going into public service, but are held back."

"My bill would end this crisis by cancelling all $1.6 trillion in student loan debt," **Omar said.** "This would not only allow Americans struggling with debt pursue their dreams, but would unleash billions of dollars in economic growth—stimulating our entire economy. We can fully fund this with a small tax on Wall Street speculation. The American people bailed out Wall Street. It's time for Wall Street to bail out American people."

Under the College for All Act, the average student loan borrower would save about $3,000 a year, and the economy would get a boost of approximately $1 trillion over 10 years, which could be used to buy new homes, cars, and open up small businesses. Student debt is also disproportionately impacting African Americans and Latinos. Twelve years after starting college, for example, the median black borrower owed more than he or she had taken out in the first place.

The estimated $2.2 trillion cost of this bill would be paid for entirely by a tax on Wall Street speculation. During the financial crisis, Wall Street received the largest taxpayer bailout in the history of the United States. Now, argue the lawmakers, it's Wall Street's turn to help rebuild the disappearing middle class. The members of Congress propose imposing a small Wall Street speculation tax of just 0.5 percent on stock trades (50 cents for every $100 worth of stock), a 0.1 percent fee on bonds, and a 0.005 percent fee on derivatives, which would raise up to $2.4 trillion over the next decade. More than 1,000 economists have endorsed a tax on Wall Street speculation and some 40 countrieshave already imposed a similar financial transactions tax.

This milestone legislation was endorsed by the American Federation of Teachers, the National Education Association, Freedom to Prosper, Social Security Works, Progress America, Progressive Democrats of America, Student Action, People's Action, Debt Collective, the American Medical Student Association, CREDO Action, MoveOn and the Council for Opportunity in Education (COE).

Read a fact sheet on College For All here.

Read the legislative text here.

Read a fact sheet on the Inclusive Prosperity Act to raise revenue for the proposal here.

THE BERNIE SANDERS COLLEGE FOR ALL FACT SHEET

ELIMINATES TUITION AND FEES AT PUBLIC FOUR-YEAR COLLEGES AND UNIVERSITIES AND MAKES COMMUNITY COLLEGE TUITION- AND FEE-FREE FOR ALL

The College for All Act would provide at least $48 billion per year to states and tribes to eliminate undergraduate tuition and fees at public colleges, universities, and institutions of higher education controlled by tribes. Under this bill, students from any family would be able to attend a public four-year college or university, or four-year tribal college or university, tuition- and fee-free. All students, regardless of income, would also be able to attend community colleges, trade schools, or apprenticeship programs tuition- and fee-free.

Under the College for All Act, the federal government would cover 67 percent of the cost of eliminating tuition and fees at public colleges and universities and tribal institutions of higher education. States and tribes would be responsible for eliminating the remaining 33 percent of the costs.

To qualify for federal funding, states and tribes must meet a number of requirements designed to protect students, ensure quality, and reduce ballooning costs. States and tribes will need to maintain spending on their higher education systems, on academic instruction, and on need-based financial aid. In addition, colleges and universities must reduce their reliance on low-paid adjunct faculty.

No funding under this bill may be used to fund administrator salaries, merit-based financial aid, or the construction of non-academic buildings like stadiums and athletic facilities.

CANCELS $1.6 TRILLION IN STUDENT DEBT FOR 45 MILLION AMERICANS

About 45 million Americans owe nearly $1.6 trillion in student loan debt. As part of the College for All Act, we will cancel student loan debt for all of them within six months. Under this proposal, the average student loan borrower would save about $3,000 a year. The economy would get a boost of approximately $1 trillion over 10 years, which could be used to buy new homes, cars, and open up small businesses. Student loan debt is causing severe economic pain to Millennials. Since its peak in 2004, the homeownership rate among those under the age of 35 has dropped by nearly 19 percent. In 2014, 400,000 more Americans between the ages of 24 and 32 would have owned homes, if not for the increase in student debt over the preceding decade, according to the Federal Reserve.

Student debt is also disproportionately impacting African Americans and Latinos. Among graduates of four-year public colleges, 82 percent of black graduates had student debt in 2016, compared to 61 percent of Latinos and 68 percent of whites. However, these differences compound over time. For those who started college in 2003-04, about half of black student loan borrowers had defaulted within 12 years compared to 35 percent of Latino borrowers and 20 percent of white borrowers. Twelve years after starting college, the median black borrower owed more than they had taken out in the first place.

An increasing number of senior citizens are also being negatively impacted by student debt. The number of people over 60 with student loan debt increased more than five-fold between 2004 and 2017, from 600,000 to 3.2 million. Over that same period, that group's share of the debt skyrocketed from $6 billion to $85 billion, and many are having student loan payments deducted from their Social Security checks.

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ENSURES STUDENTS CAN ATTEND COLLEGE DEBT FREE

This bill:

· Ensures low-income students getting a Pell Grant can use this aid for books, housing, transportation, and the other costs of colleges.

· Requires states and tribes participating in the College for All Act to cover the full cost of college for their poorest students – typically those students from families with incomes less than $25,000– filling in the cost gap that may remain after the elimination of tuition, fees, and grants.

· Caps student loan interest rates at no higher than what the federal government pays for its debt—1.88 percent, compared to student-loan interest rates as high as 8.5 percent. In other words, this bill would end the absurdity of the government profiting off of student loan programs.

· Requires participating states to demonstrate that their public colleges and universities are curbing tuition and fee increases for all students, including out-of-state students and graduate students.

· Provides a dollar-for-dollar match for states and tribes that provide extra funding to reduce the cost of college beyond eliminating tuition and fees. States and tribes would also be able to use funding to increase academic opportunities for students, hire new faculty, and provide professional development opportunities for professors.

· Triples our current investment in the Work-Study Program, which provides an average award of about $1,760 a year , so that it can reach about 2.1 million students (1.4 million more than today) and focuses funding on schools that enroll high numbers of low-income students.

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ELIMINATES OR REDUCES TUITION AND FEES FOR LOW-INCOME STUDENTS AT PRIVATE COLLEGES AND UNIVERSITIES THAT SERVE HISTORICALLY UNDERREPRESENTED MINORITIES

This bill provides at least $1.3 billion per year to eliminate or significantly reduce tuition and fees for low-income students at two- and four-year, private nonprofit Historically Black Colleges and Universities (HBCUs) and private nonprofit Minority Serving Institutions (MSIs) that serve a student body that is composed of at least 35 percent low-income students. About 200 schools would be eligible to participate.

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PROVIDES FUNDING TO ELIMINATE EQUITY GAPS IN HIGHER EDUCATION ATTAINMENT

This bill doubles funding for the TRIO Programs and increases funding for the GEAR UP Program so more first-generation and low-income students can enroll in and graduate college. This means that TRIO Programs would reach 1.5 million students and GEAR UP would reach over 100,000 more students than it currently does.

PAID FOR BY A TAX ON WALL STREET SPECULATION

The estimated $2.2 trillion cost of this bill would be paid for by a tax on Wall Street speculation. During the financial crisis, Wall Street received the largest taxpayer bailout in the history of the United States. Now, it's Wall Street's turn to help rebuild the disappearing middle class. By imposing a small Wall Street speculation tax of just 0.5 percent on stock trades (that's just 50 cents for every $100 worth of stock), a 0.1 percent fee on bonds, and a 0.005 percent fee on derivatives, we would raise up to $2.4 trillion over the next decade. More than 1,000 economists have endorsed a tax on Wall Street speculation and some 40 countries have already imposed a similar financial transactions tax, including Britain, Germany, France, Switzerland, South Korea, Hong Kong, and Brazil.

Economists estimate that the full amount of this tax would be borne by the financial industry, not individual holders of stock or pension funds. The industry would be no less effective in allocating capital after the tax is imposed. A Wall Street speculation tax is widely recognized to reduce waste and inefficiency in the financial sector.

One Hundred Academics Endorse College for All Act, Urge Congress to Pass it

Thursday, June 27, 2019

WASHINGTON, June 27 – One hundred experts in the fields of law, economics, and education wrote an open letter to the U.S. Congress in support of the College for All Act, introduced earlier this week by Senator Bernie Sanders (I-Vt.), Representative Pramila Jayapal (D-Wash.) and Representative Ilhan Omar (D-Minn.). The groundbreaking legislation guarantees free public college and trade school for all while cancelling all $1.6 trillion in student debt.

"Between 1964 and 2019, the average annual cost of attending a four-year public college or university soared by an unimaginable 3,819 percent," the scholars wrote. "By failing to adequately invest in higher education, governments have shifted a greater share of the financial burden onto those trying to advance their studies."

"In the face of this crisis, nothing short of a complete overhaul of our public higher education system will suffice. We must treat education as the public good that it is," the academics added. "This means 'hitting the reset button' on student loan debt by cancelling the entire outstanding amount, so that some 45 million Americans and their loved ones are no longer trapped by the policy failures of the past."

"To some," the experts wrote, "this will appear too radical. To us, it is the bold solution we need. It is high time we enacted policies that benefit the real job creators—the ones on Main Street." They conclude, "The time has come to cancel student loan debt and to allow future generations to graduate from college debt free."

Senator Sanders welcomed the academics' letter. "These scholars are saying what millions of young people already know from their own experience: the Wall Street crash of 2008 devastated the economic prospects of an entire generation," Sanders said. "If we do not act boldly and decisively, these young people will face lower living standards than those their parents enjoyed. Our College for All Act will boost our economy and offer real opportunity for our people. And the cost will be borne entirely by speculators on Wall Street."

"These academics confirm that a college degree should be a right for all, not a privilege for the few," said Rep. Jayapal. "What's more, our student debt crisis is oppressing borrowers of color, shutting them out from the benefits that American higher education can and should offer. I am so proud to stand with my colleagues and introduce this bold package of legislation to reinvest in our nation's future. We are committed to restoring freedom to students, workers and families – freedom from the student debt that is holding them back."

"Economists understand that this bill would not only allow Americans struggling with debt pursue their dreams, but would unleash billions of dollars in economic growth—stimulating our entire economy," said Rep. Omar, applauding the scholars' endorsement.

The academics calculated that the cancellation of student debt would create up to a million new jobs annually, reduce the racial wealth gap, boost consumer spending, and fuel new business creation.

The College for All Act cancels all student debt, including undergraduate and graduate debt. The lawmakers propose paying for this entirely through a small tax on high-frequency trades of stocks, bonds, and derivatives on Wall Street, which would raise $2.4 trillion over ten years. Economists estimate that the full amount of this tax would be borne by the financial industry, not individual holders of stock or pension funds.

In addition to cancelling student loan debt, the legislation eliminates tuition and fees at all public four-year colleges and universities, as well as making community colleges, trade schools, and apprenticeship programs tuition- and fee-free for all. The College for All Act caps student-loan interest rates at no higher than what the federal government pays for its debt—1.88 percent, compared to current student-loan interest rates as high as 8.5 percent.

States participating in the federal partnership proposed by Sanders, Jayapal and Omar would be required to demonstrate that their public colleges and universities are curbing tuition and fee increases for all students, including out-of-state students and graduate students.

Read the academics' letter here.

Read a fact sheet on the College for All Act here.

Read the bill text for S. 1947 College for All Act here.

Watch a Facebook Q&A with Sanders, Jayapal and Omar here.

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116TH CONGRESS
1ST SESSION

S. 1947

To amend the Higher Education Act of 1965 to ensure college for all.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2019

Mr. SCHUMER (for Mr. SANDERS) introduced the following bill; which was read twice and referred to the Committee on Finance

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A BILL

To amend the Higher Education Act of 1965 to ensure college for all.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "College for All Act of 2019".

such principal is in fact paid) by reason of a provision described in subsection (f),

shall be equal to not more than 1.88 percent.

"(C) PLUS LOANS.—Notwithstanding the preceding paragraphs of this subsection, with respect to Federal Direct PLUS Loan for which the first disbursement is made on or after July 1, 2019, the applicable rate of interest shall be equal to not more than 1.88 percent.

"(D) CONSOLIDATION LOANS.—Notwithstanding the preceding paragraphs of this subsection, any Federal Direct Consolidation loan for which the application is received on or after July 1, 2019, shall bear interest at an annual rate on the unpaid principal balance of the loan that is equal to not more than 1.88 percent.".

TITLE IV—STUDENT DEBT CANCELLATION

SEC. 401. SHORT TITLE.

This title may be cited as the "Student Debt Cancellation Act of 2019".

SEC. 402. FORGIVENESS OF OUTSTANDING FEDERAL STUDENT LOANS.

(a) FORGIVENESS REQUIRED.—Notwithstanding any other provision of law, not later than 180 days after the date of the enactment of this title, the Secretary of Education shall forgive the outstanding balance of interest and principal due on all eligible Federal student loans.

(b) DEFINITION OF ELIGIBLE FEDERAL STUDENT LOAN.—In this title, the term "eligible Federal student loan" means any loan made, insured, or guaranteed under part B, part D, or part E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq., 1087a et seq., 1087aa et seq.) before the date of enactment of this title, including—

(1) loans made to a parent borrower on behalf of a dependent student under part B or part D of such Act;

(2) consolidation loans made under such Act; and

(3) any grant treated as a loan under such part D in accordance with section 258(e), section 420M(c), or section 807(d) of such Act.

(c) METHOD OF LOAN FORGIVENESS.—To provide the loan forgiveness required under subsection (a), the Secretary of Education is authorized to carry out a program—

(1) through the holder of a loan, to assume the obligation to repay the outstanding balance of interest and principal due on loans made, insured, or

guaranteed under part B of title IV of the Higher Education Act of 1965 (20 U.S.C. 1071 et seq.); and

(2) to cancel the outstanding balance of interest and principal due on loans made under part D or part E of such title.

(d) REPAYMENT REFUNDS.—

(1) PRIOR REPAYMENT.—Nothing in this section shall be construed to authorize any refunding of any eligible Federal student loan repayment made before the date of enactment of this title.

(2) PAYMENTS MADE AFTER ENACTMENT.—The Secretary shall refund to each borrower who receives forgiveness under this section the amount of any payments the borrower makes on an eligible Federal student loan during the period beginning on the date of the enactment of this title and ending on the date on which the Secretary forgives the outstanding balance of such eligible Federal student loan.

(e) EXCLUSION FROM TAXABLE INCOME.—The amount of a borrower's eligible Federal student loans forgiven under this section, and the amount of any repayments to a borrower under subsection (d)(2), shall not be included in the gross income of the borrower for purposes of the Internal Revenue Code of 1986.

SEC. 403. PURCHASE AND FORGIVENESS OF OUTSTANDING PRIVATE STUDENT LOANS.

(a) IN GENERAL.—Part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is amended by inserting after section 459B the following:

"SEC. 459C. TEMPORARY AUTHORITY TO PURCHASE AND FORGIVE ELIGIBLE PRIVATE STUDENT LOANS.

"(a) PRIVATE EDUCATION LOAN PURCHASE AND FORGIVENESS.—Notwithstanding any other provision of law, not later than 180 days after the date of enactment of the Student Debt Cancellation Act of 2019, the Secretary, in consultation with the Secretary of the Treasury, shall carry out a program under which the Secretary shall purchase, and then forgive, the outstanding balance of interest and principal due on eligible private student loans.

"(b) DEFINITIONS.—In this section:

"(1) ELIGIBLE PRIVATE STUDENT LOAN.—In this section, the term 'eligible private student loan' means a private education loan, as defined in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a)), that was expressly for the cost of attendance (as defined in section 472) at an institution of higher education participating in a loan program under this part or part B or E, as of the date that the loan was disbursed, and that was made before the date of enactment of the Student Debt Cancellation Act of 2019.

"(2) PRIVATE EDUCATIONAL LENDER.—The term 'private educational lender' has the meaning given the term in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a)).

"(c) METHOD OF LOAN PURCHASE AND FORGIVENESS.—The Secretary, in consultation with the Secretary of the Treasury, shall carry out a program under which the Secretary, upon application by a borrower who has an eligible private student loan, shall purchase the eligible private student loans of the borrower, issue such borrower a loan under this section, and forgive such loan, in accordance with the following:

"(1) The Secretary shall pay to the private educational lender of the eligible private student loan an amount equal to the sum of the unpaid principal, accrued unpaid interest, and late charges of the eligible private student loan, as calculated on the date of the purchase of such loan, in order to discharge the borrower from any remaining obligation to the private educational lender with respect to the eligible private student loan.

"(2) The Secretary shall issue to the borrower a loan, known as a Federal Direct Forgiveness Loan, in an amount equal to the sum of the amount paid to the private educational lender of the eligible private student loan of the borrower that was purchased by the Secretary in accordance with paragraph (1).

"(3) The Secretary shall, immediately upon issuance of a Federal Direct Forgiveness Loan, cancel the outstanding balance of interest and principal due on such loan.

"(d) REPAYMENT REFUNDS PROHIBITED.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

"(e) EXCLUSION FROM TAXABLE INCOME.—The amount of a borrower's Federal Direct Forgiveness Loans forgiven under this section shall not be included in the gross income of the borrower for purposes of the Internal Revenue Code of 1986.".

(b) NOTICE TO BORROWERS.—Section 128(e) of the Truth in Lending Act (15 U.S.C. 1638(e)) is amended by adding at the end the following new paragraph:

"(12) NOTICE REQUIRED ALONG WITH BILLING STATEMENTS.—Along with each billing statement sent to the borrower during the six-month period beginning on the day after the date of enactment of the Student Debt Cancellation Act of 2019, the private educational lender shall include a statement informing the borrower that—

"(A) the borrower may be eligible for loan forgiveness of eligible private student loans under section 459C of the Higher Education Act of 1965; and

"(B) to be eligible for such loan forgiveness, the borrower must apply to the Secretary of Education no later than the date that is 180 days after the date of enactment of the Student Debt Cancellation Act of 2019.".

SEC. 404. NOTICE TO THE PUBLIC.

Not later than 15 days after the date of enactment of this title, the Secretary of Education, in consultation with institutions of higher education and lenders of Federal student loans and private education loans, shall take such actions as may be necessary to ensure that borrowers who have outstanding eligible Federal student loans or outstanding eligible private student loans (as defined in section 459C of the Higher Education Act of 1965, as added by this title) are aware of the loan forgiveness programs authorized by this title. Such information shall—

(1) be presented in a form that is widely available to the public, especially to borrowers with outstanding Federal and private student loans;

(2) be easily understandable; and

(3) clearly notify borrowers of eligible private student loans—

(A) that borrowers must apply for loan forgiveness under this title, and must do so no later than the date that is 180 days after the date of enactment of this title; and

(B) of the application process and requirements to apply for forgiveness of eligible private student loans in accordance with this title.

TITLE V—SNYDER ACT

SEC. 501. RULE OF CONSTRUCTION REGARDING THE SNYDER ACT.

Nothing in this Act, or an amendment made by this Act, shall be construed to change or abrogate the Federal Government's responsibilities under the Act of November 2, 1921 (commonly known as the "Snyder Act") (25 U.S.C. 13).

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Sen. Sanders, Reps. Jayapal and Omar Introduce Groundbreaking Bills to Ensure College For All and Eliminate All Student Debt

June 24, 2019 | Press Release

WASHINGTON — Sen. Bernie Sanders (I-Vt.), Rep. Pramila Jayapal (D-Wash.), and Rep. Ilhan Omar (D-Minn.) unveiled landmark legislation today to eliminate tuition and fees at all public four-year colleges and universities, as well as make community colleges, trade schools, and apprenticeship programs tuition- and fee-free for all. The three lawmakers' proposal also eliminates all $1.6 trillion in student debt for 45 million Americans.

"This is truly a revolutionary proposal which accomplishes three major goals," **said Sanders**. "First, in a highly competitive global economy, it makes certain that all Americans, regardless of income, can get the college education or job training they need to secure decent paying jobs by making public colleges, universities and trade schools tuition-free and debt-free."

"Second, in a generation hard hit by the Wall Street crash of 2008," **said Sanders**, "it cancels all student debt and ends the absurdity of sentencing an entire generation to a lifetime of debt for the 'crime' of getting a college education. Third, it pays for these proposals by implementing a tax on Wall Street speculators. In 2008, the American people bailed out Wall Street. Now, it is Wall Street's turn to help the middle class and working class of this country."

"There is a crisis in higher education at a time when a postsecondary degree is more important than ever," **said Jayapal**. "A college degree should be a right for all, not a privilege for the few. What's more, our student debt crisis is oppressing borrowers of color, shutting them out from the benefits that American higher education can and should offer. I am so proud to stand with my colleagues and introduce this bold package of legislation to reinvest in our nation's future. We are committed to restoring freedom to students, workers and families – freedom from the student debt that is holding them back."

"There are currently 45 million Americans with student debt," **said Omar**. "That's 45 million people who are being held back from purchasing their first home; 45 million people who may feel that they can't start a family; 45 million people who have dreams of opening a business or going into public service, but are held back."

"My bill would end this crisis by cancelling all $1.6 trillion in student loan debt," **said Omar**. "This would not only allow Americans struggling with debt pursue their dreams, but would unleash billions of dollars in economic growth—stimulating our entire economy. We can fully fund this with a small tax on Wall Street speculation. The American people bailed out Wall Street. It's time for Wall Street to bail out American people."

Under the College for All Act, the average student loan borrower would save about $3,000 a year (https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf#page=52), and the economy would get a boost of approximately $1 trillion (http://www.levyinstitute.org/pubs/rpr_2_6.pdf#page=6) over 10 years, which could be used to buy new homes, cars, and open up small businesses. Student debt is also disproportionately impacting African Americans and Latinos. Twelve years after starting college, for example, the median black borrower owed more than he or she had taken out (https://www.demos.org/sites/default/files/2019-06/Debt%20to%20Society.pdf#page=13) in the first place.

The estimated $2.2 trillion cost of this bill would be paid for entirely by a tax on Wall Street speculation. During the financial crisis, Wall Street received the largest taxpayer bailout (https://www.investopedia.com/articles/economics/08/government-financial-bailout.asp) in the history of the United States. Now, argue the lawmakers, it's Wall Street's turn to help rebuild the disappearing middle class. The members of Congress propose imposing a small Wall Street speculation tax of just 0.5

percent on stock trades (50 cents for every $100 worth of stock), a 0.1 percent fee on bonds, and a 0.005 percent fee on derivatives, which would raise up to $2.4 trillion (https://www.tandfonline.com/doi/abs/10.1080/02692171.2018.1485634) over the next decade. More than 1,000 economists (https://www.theguardian.com/business/interactive/2011/apr/13/robin-hood-tax-economists) have endorsed a tax on Wall Street speculation and some 40 countries (http://www.politico.eu/article/why-critics-are-wrong-about-a-financial-transaction-tax/)have already imposed a similar financial transactions tax.

This milestone legislation was endorsed by the American Federation of Teachers, the National Education Association, Freedom to Prosper, Social Security Works, Progress America, Progressive Democrats of America, Student Action, People's Action, Debt Collective, the American Medical Students Association, CREDO Action, and the Council for Opportunity in Education (COE).

Read more on the Bill here (/sites/omar.house.gov/files/documents/OMARMN_017_xml_0.pdf).

Read more on Facts about Student Loan Debt here (/sites/omar.house.gov/files/documents/Student%20Debt%20Cancellation%20Act.docx).

Student Debt Cancellation Act

This straightforward bill will cancel all existing federal and private student loans. In the U.S., student loan debt has reached nearly $1.6 trillion and it plagues nearly 45 million Americans.

Currently, 92.3 percent of all student debt is owned by the federal government. We can choose to cancel all of it, pay off the remaining 7.7 percent which is held by private lenders, and free millions of Americans. And we can afford it given the $1 trillion boost it would provide our economy. The Levy report illustrates how student loan debt forgiveness would create an enormous middle-class stimulus, boost overall growth, increase home purchases, and fuel a new wave of small business formation.

This bill that will create prosperity for all and help a generation of Americans achieve the opportunities that were promised to them by the higher education system. The American Dream tells us that those who work hard will secure a better future. The Student Debt Cancellation Act will make sure that dream can become a reality.

Facts About Student Loan Debt:

- Average real student loan debt per capita for individuals ages 24 to 32 has risen from about $5,000 in 2005 to $10,000 in 2014.
- One study found that a $1,000 increase in student loan debt causes a 1 to 2 percent drop in homeownership rates for borrowers in their late 20s or early 30s, threatening to undermine the long-term financial stability of an entire generation.
- Young adults who graduated college with student debt now have negative net wealth with a median net wealth of negative $1,900, down from $9,000 in 2013.
- Student loan debt does not only impact young people. The number of people over 60 with student loan debt has quadrupled in the last decade.

Students of color face a higher risk of defaulting on their loans, and struggle to find jobs to pay off these loans due to discrimination in hiring practices. First-generation and immigrant college students face much higher rates of default. And women owe two-thirds of the $1.48 trillion total student loan debt, and the burden of this debt will be intensified post-graduation by the gender pay gap.

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116TH CONGRESS
1ST SESSION

H. R. 3448

To forgive outstanding Federal and private student loans.

IN THE HOUSE OF REPRESENTATIVES

JUNE 24, 2019

Ms. OMAR (for herself, Ms. JAYAPAL, Ms. JACKSON LEE, Ms. TLAIB, Ms. NORTON, Mr. THOMPSON of Mississippi, Ms. LEE of California, Mr. GARCÍA of Illinois, and Ms. OCASIO-CORTEZ) introduced the following bill; which was referred to the Committee on Education and Labor, and in addition to the Committees on Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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A BILL

To forgive outstanding Federal and private student loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Debt Cancellation Act of 2019".

SEC. 2. FORGIVENESS OF OUTSTANDING FEDERAL STUDENT LOANS.

(a) FORGIVENESS REQUIRED.—Notwithstanding any other provision of law, not later than 180 days after the date of the enactment of this Act, the Secretary of Education shall forgive the outstanding balance of interest and principal due on all eligible Federal student loans.

(b) DEFINITION OF ELIGIBLE FEDERAL STUDENT LOAN.—In this Act, the term "eligible Federal student loan" means any loan made, insured, or guaranteed under part B, part D, or part E of title IV of the Higher Education Act of 1965 before the date of enactment of this Act, including—

(1) loans made to a parent borrower on behalf of a dependent student under part B or part D of such Act;

(2) consolidation loans made under such Act; and

(3) any grant treated as a loan under such part D in accordance with section 258(e), section 420M(c), or section 807(d) of such Act.

(c) METHOD OF LOAN FORGIVENESS.—To provide the loan forgiveness required under subsection (a), the Secretary of Education is authorized to carry out a program—

(1) through the holder of a loan, to assume the obligation to repay the outstanding balance of interest and principal due on loans made, insured, or guaranteed under part B of title IV of the Higher

Education Act of 1965 (20 U.S.C. 1071 et seq.); and

(2) to cancel the outstanding balance of interest and principal due on loans made under part D or part E of such title.

(d) REPAYMENT REFUNDS.—

(1) PRIOR REPAYMENT.—Nothing in this section shall be construed to authorize any refunding of any eligible Federal student loan repayment made before the date of enactment of this Act.

(2) PAYMENTS MADE AFTER ENACTMENT.—The Secretary shall refund to each borrower who receives forgiveness under this section the amount of any payments the borrower makes on an eligible Federal student loan during the period beginning on the date of the enactment of this Act and ending on the date on which the Secretary forgives the outstanding balance of such eligible Federal student loan.

(e) EXCLUSION FROM TAXABLE INCOME.—The amount of a borrower's eligible Federal student loans forgiven under this section, and the amount of any repayments to a borrower under subsection (d)(2), shall not be included in the gross income of the borrower for purposes of the Internal Revenue Code of 1986.

SEC. 3. PURCHASE AND FORGIVENESS OF OUTSTANDING PRIVATE STUDENT LOANS.

(a) IN GENERAL.—Part D of title IV of the Higher Education Act of 1965 (20 U.S.C. 1087a et seq.) is amended by inserting after section 459B the following:

"SEC. 459C. TEMPORARY AUTHORITY TO PURCHASE AND FORGIVE ELIGIBLE PRIVATE STUDENT LOANS.

"(a) PRIVATE EDUCATION LOAN PURCHASE AND FORGIVENESS.—Notwithstanding any other provision of law, not later than 180 days after the date of enactment of the Student Debt Cancellation Act of 2019, the Secretary, in consultation with the Secretary of the Treasury, shall carry out a program under which the Secretary shall purchase, and then forgive, the outstanding balance of interest and principal due on eligible private student loans.

"(b) DEFINITIONS.—In this section:

"(1) ELIGIBLE PRIVATE STUDENT LOAN.—In this section, the term 'eligible private student loan' means a private education loan, as defined in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a)), that was expressly for the cost of attendance (as defined in section 472) at an institution of higher education participating in a loan program under part B, part D, or part E of title IV of the Higher Education Act of 1965 (20 U.S.C. 1070 et seq.), as of the date that the loan was disbursed, and that was made before the date of enactment of the Student Debt Cancellation Act of 2019.

"(2) PRIVATE EDUCATIONAL LENDER.—The term private educational lender has the meaning given the term in section 140(a) of the Truth in Lending Act (15 U.S.C. 1650(a)).

"(c) METHOD OF LOAN PURCHASE AND FORGIVENESS.—The Secretary, in consultation with the Secretary of the Treasury, shall carry out a program under which the Secretary, upon application by a borrower who has an eligible private student loan, shall purchase the eligible private student loans of the borrower, issue such borrower a loan under this section, and forgive such loan, in accordance with the following:

"(1) The Secretary shall pay to the private educational lender of the eligible private student loan an amount equal to the sum of the unpaid principal, accrued unpaid interest, and late charges of the eligible private student loan, as calculated on the date of the purchase of such loan, in order to discharge the borrower from any remaining obligation to the private educational lender with respect to the eligible private student loan.

"(2) The Secretary shall issue to the borrower a loan, known as a Federal Direct Forgiveness Loan, in an amount equal to the sum of the amount paid to the private educational lender of the eligible private student loan of the borrower that was purchased by the Secretary in accordance with paragraph (1).

"(3) The Secretary shall, immediately upon issuance of a Federal Direct Forgiveness Loan, cancel the outstanding balance of interest and principal due on such loan.

"(d) REPAYMENT REFUNDS PROHIBITED.—Nothing in this section shall be construed to authorize any refunding of any repayment of a loan.

"(e) EXCLUSION FROM TAXABLE INCOME.—The amount of a borrower's Federal Direct Forgiveness Loans forgiven under this section shall not be included in the gross income of the borrower for purposes of the Internal Revenue Code of 1986.".

(b) NOTICE TO BORROWERS.—Section 128(e) of the Truth in Lending Act (15 U.S.C. 1638(e)) is amended by adding at the end the following new paragraph:

"(12) NOTICE REQUIRED ALONG WITH BILLING STATEMENTS.—Along with each billing statement sent to the borrower during the six-month period beginning on the day after the date of enactment of the Student Debt Cancellation Act of 2019, the private educational lender shall include a statement informing the borrower that—

"(A) the borrower may be eligible for loan forgiveness of eligible private student loans under section 459C of the Higher Education Act of 1965; and

"(B) to be eligible for such loan forgiveness, the borrower must apply to the Secretary of Education no later than the date that is 180 days after the date of enactment of the Student Debt Cancellation Act of 2019.".

SEC. 4. NOTICE TO THE PUBLIC.

Not later than 15 days after the date of enactment of this Act, the Secretary of Education, in consultation with institutions of higher education and lenders of Federal student loans and private education loans, shall take such actions as may be necessary to ensure that borrowers who have outstanding eligible Federal student loans or outstanding eligible private student loans (as defined in section 459C of the Higher Education Act of 1965, as added by this Act) are aware of the loan forgiveness programs authorized by this Act. Such information shall—

(1) be presented in a form that is widely available to the public, especially to borrowers with outstanding Federal and private student loans;

(2) be easily understandable; and

(3) clearly notify borrowers of eligible private student loans—

(A) that borrowers must apply for loan forgiveness under this Act, and must do so no later than the date that is 180 days after the date of enactment of this Act; and

(B) of the application process and requirements to apply for forgiveness of eligible private student loans in accordance with this Act.

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Durbin Highlights Measure To Allow Student Loan Debt To Be Discharged In Bankruptcy

CHICAGO – U.S. Senator Dick Durbin held a news conference highlighting new bicameral legislation that would give Americans overwhelmed by student loan debt the option of obtaining meaningful bankruptcy relief. The *Student Borrower Bankruptcy Relief Act of* 2019 — introduced last month with Senator Elizabeth Warren (D-MA), and U.S. Representatives Jerrold Nadler (D-NY-01) and John Katko (R-NY-24) — would eliminate the section of the bankruptcy code that makes private and federal student loans nondischargeable, allowing these loans to be treated like nearly all other forms of consumer debt. The Senate bill is cosponsored by U.S. Senator Tammy Duckworth (D-IL).

"Filing for bankruptcy should be a last resort, but for those student borrowers who have no realistic path to pay back their crushing student loan debt, it should be available as an option to help them get back on their feet," said Durbin. **"Our nation faces a student debt crisis, and it's time to restore the meaningful availability of bankruptcy relief to student loan borrowers."**

Most forms of debt, such as credit card debt and medical debt, can be discharged through the bankruptcy process. Only a limited number of debts, such as child support payments, alimony, overdue taxes, and criminal fines, are treated as nondischargeable in bankruptcy. However, current federal law also makes student loan debt nondischargeable except in extremely rare cases.

Student debt has not always been given special exemption by the bankruptcy code. Prior to 1976, federal and private student loan debt were both fully dischargeable. Congress then began steadily narrowing the grounds upon which student loan bankruptcy relief could be granted until, in 1998, federal student loans were made completely nondischargeable absent a showing of "undue hardship" which courts have construed to be nearly impossible to demonstrate. In 2005, Congress also made private student loans nondischargeable in bankruptcy. As a result, student borrowers who find themselves unable to repay their loans are now saddled with this debt for life.

Forty-four million Americans owe more than $1.5 trillion in student loan debt. Cumulative student loan debt has surpassed credit card debt to become the second largest category of private consumer debt after mortgages, and student loan debt is the fastest growing segment of U.S. household debt, increasing by 157 percent since 2007. Nondischargeable student debt is constraining the career and life choices of student borrowers, and analyses by the Federal Reserve show that the student debt burden is affecting the broader economy.

Since this country's founding, Americans have had the ability to start over through bankruptcy. Filing for bankruptcy is not a step that student borrowers would take lightly, and the strict means test for bankruptcy filing that Congress imposed in 2005 would ensure that borrowers who have the means to repay student debts cannot simply liquidate them in bankruptcy. However, for those student borrowers who have no realistic path to pay back their student loan debt burden, bankruptcy should be available as an option to help them get back on their feet.

The *Student Borrower Bankruptcy Relief Act of 2019* is supported by organizations including Americans for Financial Reform, Center for Responsible Lending, Consumer Federation of America, Consumer Reports, National Association for College Admissions Counseling, National Association of Consumer Advocates, National Association of Consumer Bankruptcy Attorneys, National Consumer Law Center (on behalf of its low income clients), National Student Legal Defense Network, Student Debt Crisis, Public Citizen, U.S. PIRG and Young Invincibles.

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Press Releases

Nadler, Katko, Neguse, Durbin & Warren Introduce Bill Making Bankruptcy Relief Available For Student Loan Borrowers

Washington, May 10, 2019

Tags: *Education and Children*

Washington, D.C. – Yesterday, House Judiciary Committee Chairman Jerrold Nadler (D-NY), U.S. Representatives John Katko (R-NY) and Joe Neguse (D-CO), and U.S. Senators Dick Durbin (D-IL) and Elizabeth Warren (D-MA) introduced a bicameral bill that would give Americans overwhelmed by student loan debt the option of obtaining meaningful bankruptcy relief. The *Student Borrower Bankruptcy Relief Act of* 2019 would eliminate the section of the bankruptcy code that makes private and fede... ...nt loans nondischargeable, allowing these loans to be treated like nearly all other

CONGRESSMAN
JERRY NADLER
10TH DISTRICT OF NEW YORK

...ion are facing crushing student loan debt that is preventing them from pur... ...iving the true American dream. We must ensure that Americans are able to invest in their education and then go on to live quality lives without the cloud of rising debt hanging over their heads. I am pleased to introduce the bipartisan Student Borrower Bankruptcy Relief Act of 2019, which is a positive step in that effort. This legislation updates the federal bankruptcy code to ensure student loan debt is treated like almost every other form of consumer debt that can be discharged during bankruptcy," said Chairman Nadler.

"With higher education costs continuing to rise nationwide, many new graduates across our country are leaving college with significant student loan debt," said Katko. **"While other forms of debt are dischargeable in bankruptcy, student loan debt is not. While Congress must continue to work to make college more affordable and accessible, Americans struggling financially should have the option to discharge their student loans during bankruptcy as a last resort. This bipartisan legislation makes that change."**

"We cannot ignore that we have a student loan debt crisis in our country. Far too many of our young people are defaulting on student loans—nearly 1 million borrowers every year—as student loan debt becomes the fastest growing source of household debt," said Neguse. **"The Student Borrower Bankruptcy Relief Act, which I am proud to lead in a bipartisan fashion with Chairman Nadler and Representative Katko, will restore the meaningful availability of bankruptcy relief to student loan borrowers to ensure that borrowers who have no other realistic options are able to discharge payments through bankruptcy. This legislation is just one measure we must pursue to solve the student debt crisis by providing meaningful assurance that student loan borrowers who find themselves in deep financial stress can have a second chance."**

"Filing for bankruptcy should be a last resort, but for those student borrowers who have no realistic path to pay back their crushing student loan debt, it should be available as an option to help them get back on their feet," said Durbin. **"Our nation faces a student debt crisis, and it's time to restore the meaningful availability of bankruptcy relief to student loan borrowers."**

"Long before I came to the Senate, I fought my heart out to keep student loans dischargeable in bankruptcy. But over and over again, Congress chipped away at this critical protection for student loan borrowers," said Warren. **"The Student Borrower Bankruptcy Relief Act fully restores this protection, and I'm thrilled to work with Senator Durbin to fight for this legislation."**

Most forms of debt, such as credit card debt and medical debt, can be discharged through the bankruptcy process. Only a limited number of debts, such as child support payments, alimony, overdue taxes, and criminal fines, are treated as nondischargeable in bankruptcy. However, current federal law also makes student loan debt nondischargeable except in extremely rare cases.

CONGRESSMAN JERRY NADLER 10TH DISTRICT OF NEW YORK

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Since this country's founding, Americans have had the ability to start over through bankruptcy. Filing for bankruptcy is not a step that student borrowers would take lightly, and the strict means test for bankruptcy filing that Congress imposed in 2005 would ensure that borrowers who have the means to repay student debts cannot simply liquidate them in bankruptcy. However, for those student borrowers who have no realistic path to pay back their student loan debt burden, bankruptcy should be available as an option to help them get back on their feet.

The House bill is cosponsored by Representatives John Katko (R-NY), David N. Cicilline (D-RI), Steven Cohen (D-TN), Danny Davis (D-IL), Mary Gay Scanlon (R-PA), Eric Swallwell (D-CA), Joe Neguse (D-CO), Hank Johnson (D-GA), Gerald Connolly (D-VA) and Zoe Lofgren (D-CA).

The Senate bill is cosponsored by Senators Tammy Baldwin (D-WI), Richard Blumenthal (D-CT), Sherrod Brown (D-OH), Kamala Harris (D-CA), Maggie Hassan (D-NH), Mazie Hirono (D-HI), Amy Klobuchar (D-MN), Patrick Leahy (D-VT), Ed Markey (D-MA), Jeff Merkley (D-OR), Jack Reed (D-RI), Bernie Sanders (I-VT), Jeanne Shaheen (D-NH), Chris Van Hollen (D-MD), and Sheldon Whitehouse (D-RI).

The *Student Borrower Bankruptcy Relief Act of 2019* is supported by organizations including Americans for Financial Reform, the Center for Responsible Lending, Consumer Federation of America, Consumer Reports, the National Association of Consumer Advocates, the National Association of Consumer Bankruptcy Attorneys, the National Consumer Law Center (on behalf of its low income clients), National Student Legal Defense Network, Public Citizen, U.S. PIRG, and Young Invincibles.

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116TH CONGRESS
1ST SESSION

H. R. 2648

To provide bankruptcy relief for student borrowers.

IN THE HOUSE OF REPRESENTATIVES

MAY 9, 2019

Mr. NADLER (for himself, Mr. KATKO, Mr. CICILLINE, Ms. SCANLON, Mr. SWALWELL of California, Mr. NEGUSE, Mr. JOHNSON of Georgia, Mr. CONNOLLY, Ms. LOFGREN, Mr. DANNY K. DAVIS of Illinois, Mr. COHEN, Ms. JACKSON LEE, Ms. DEAN, and Mr. CORREA) introduced the following bill; which was referred to the Committee on the Judiciary

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A BILL

To provide bankruptcy relief for student borrowers.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Student Borrower Bankruptcy Relief Act of 2019".

SEC. 2. AMENDMENTS.

(a) EXCEPTION TO DISCHARGE.—Section 523 of title 11, United States Code, is amended in subsection (a), by striking paragraph (8).

(b) CONFORMING AMENDMENT.—Section 1328(a)(2) of title 11, United States Code, is amended by striking "(8),".

SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

(a) EFFECTIVE DATE.—Except as provided in subsection (b), this Act and the amendments made by this Act shall take effect on the date of enactment of this Act.

(b) APPLICATION OF AMENDMENTS.—The amendments made by this Act shall apply only with respect to cases commenced under title 11, United States Code, on or after the date of enactment of this Act.

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II

116TH CONGRESS
1ST SESSION

S. 1414

To provide bankruptcy relief for student borrowers.

IN THE SENATE OF THE UNITED STATES

MAY 9, 2019

Mr. DURBIN (for himself, Ms. WARREN, Ms. BALDWIN, Mr. BLUMENTHAL, Mr. BROWN, Ms. HARRIS, Ms. HIRONO, Ms. KLOBUCHAR, Mr. LEAHY, Mr. MARKEY, Mr. MERKLEY, Mr. REED, Mr. SANDERS, Mrs. SHAHEEN, Mr. VAN HOLLEN, Mr. WHITEHOUSE, and Ms. HASSAN) introduced the following bill; which was read twice and referred to the Committee on the Judiciary

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A BILL

To provide bankruptcy relief for student borrowers.

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SECTION 1. SHORT TITLE.

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