



Congressional Resolution Calling on President Biden to Take Bold Executive Action on Student Loan Debt Cancellation

Reps. Pressley, Omar, Adams, Waters, Bowman, Torres and Jones

Background

Long before the COVID-19 pandemic wreaked havoc on workers, families and our economy, 45 million Americans were crushed under the weight of an unprecedented \$1.6 trillion student loan debt crisis. The public health emergency and connected economic fallout has only exacerbated many of these economic challenges and pushed many struggling families further to the margins.

For too long, the unequal burden of the student debt crisis has disproportionately fallen on Black and Latinx borrowers.¹ As a result of generations of systemic racism, predatory policies like redlining and employment discrimination, Black and brown families have been locked out of wealth building and have been forced to take on more debt just for the chance at the same degree as their white peers. Black and brown borrowers are also more likely to struggle to repay and fall into default than their white peers.² It is absolutely clear—the student debt crisis is both a racial and economic justice issue.

While Congress and the Biden Administration have taken action to establish temporary protections for Federal student loan borrowers, more is desperately needed in order begin to set the groundwork for a just and equitable economic recovery and provide a much needed stimulus to our economy.

Administrative Student Debt Cancellation is an Urgent Mandate from the People

Student debt cancellation is bold policy that will ensure any long-term economic recovery will prioritize workers and families and help build a more just and equitable economy by helping to reduce the longstanding racial wealth gap.³ The bicameral resolution outlines a bold plan for President Biden to tackle the student loan debt crisis by using existing legal authority under the Higher Education Act to cancel up to \$50,000 in student loan debt for Federal student loan borrowers. The resolution:

- **Recognizes the Secretary of Education’s broad administrative authority to cancel Federal student loan debt.** Congress has already granted the Secretary of Education broad authority under section 432(a) of the Higher Education Act of 1965 (20 U.S.C 1082 (a)) and the resolution outlines the case for using such authority to provide bold and broad-based debt cancellation.
- **Urges President Biden to take executive action to cancel up to \$50,000 in Federal student loan debt using the current legal authorities already granted by Congress.** The resolution encourages the President to use executive authorities under section 432(a) and any other authorities under Federal law to take urgent action to

¹ Center for American Progress, “New Federal Data Show a Student Loan Crisis for African American Borrowers,” (Oct. 2017) <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-africanamerican-borrowers/>

² Center for Responsible Lending, “Quicksand: Borrowers of Color & the Student Debt Crisis,” (Jul. 2019), <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>

³ The Roosevelt Institute, “Student Debt Forgiveness Options: Implications for Policy and Racial Equity,” (Aug. 2020) https://rooseveltinstitute.org/wp-content/uploads/2020/08/RI_StudentDebtForgiveness_WorkingPaper_202008.pdf

provide sweeping economic relief for millions of families, reduce racial wealth gaps and give a much needed boost to our economy.

- **Calls on the President to use existing authorities under the Internal Revenue Code to prevent tax liability of administrative debt cancellation.** The resolution outlines the executive’s authority under the Internal Revenue Code of 1986 to prevent any tax liability for Federal student loan borrowers as a result of administrative debt cancellation.
- **Encourages the President to ensure that administrative debt cancellation helps to close racial wealth gaps.** The resolution encourages the President to use student loan debt cancellation as a way to help reduce racial wealth gaps and build a just and equitable economic recovery.
- **Urges President Biden to extend the current payment relief on all federal student loan payments and interest through the duration of the COVID-19 pandemic.** Although President Biden signed an executive order to temporarily extend temporary protections—including a pause in payments—for Federal student loan borrowers through September 30th⁴, the resolution urges the President to extend these protections through the end of the pandemic.

Groups Supporting Administrative Student Debt Cancellation

More than 325 civil rights, climate, health, labor, consumer rights and student organizations have signed a letter in support of debt cancellation, including the NAACP, National Urban League, UnidosUS, League of Latin American Citizens (LULAC), Southeast Asia Resource Action Center (SEARAC), American Federation of Teachers, National Education Association, The Education Trust, Hispanic Federation, Minority Veterans of America, National Women’s Law Center, American Association of University Women, SEIU, Association of Flight Attendants-CWA, the American Psychological Association, Sunrise Movement, Center for Law and Social Policy (CLASP), Center for Popular Democracy Action, the United States Student Association, Student Debt Crisis, Student Borrower Protection Center, Young Invincibles and Indivisible. For a full list of organizations, click [here](#).

⁴ Danielle Douglas., After Biden request, Education Department extends pause on federal student loan payments through September, Wash Post (January 20, 2021) <https://www.washingtonpost.com/education/2021/01/20/biden-student-loan-payment-freeze-extension/>