



## **Congressional Resolution Calling on President-Elect Biden to Take Bold Executive Action on Student Loan Debt Cancellation**

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### **Background**

Long before the COVID-19 pandemic wreaked havoc on workers, families and our economy, 45 million Americans were being 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 these economic challenges and pushed many families further to the margins.

For too long, the unequal burden of the student debt crisis has disproportionately fallen on Black and Latinx borrowers.<sup>1</sup> As a result of generations of systemic racism, including 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, more often, just for a 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.<sup>2</sup> It is absolutely clear—the student debt crisis is both a racial and economic justice crisis.

While Congress has taken action to establish temporary protections for Federal student loan borrowers as part of recent COVID relief efforts, further action is desperately needed to deliver a just and equitable economic recovery.

### **Administrative Student Debt Cancellation is an Urgent Mandate from the People**

Student debt cancellation is bold, responsive policy that will help ensure the economic recovery strategy will prioritize workers and families and reduce the longstanding racial wealth gap.<sup>3</sup> The bicameral resolution outlines a bold plan for President-Elect 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 on day one of the Biden-Harris Administration. The resolution:

- **Recognizes the Secretary of Education's broad administrative authority to cancel Federal student loan debt.** The resolution urges the President to direct the Secretary of Education to use the authority Congress has already granted under section 432(a) of the Higher Education Act of 1965 (20 U.S.C 1082 (a)) to provide bold and broad-based debt cancellation.
- **Urges the President to take executive action on day one of his Administration to cancel \$50,000 in Federal student loan debt per borrower 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

<sup>1</sup> 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/>

<sup>2</sup> 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>

<sup>3</sup> 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](https://rooseveltinstitute.org/wp-content/uploads/2020/08/RI_StudentDebtForgiveness_WorkingPaper_202008.pdf)

under Federal law to take urgent action to 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 to prevent debt cancellation from resulting in a tax bill for borrowers.** The resolution urges the President to direct the IRS to use its legal 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 close racial wealth gaps.** The resolution encourages the President to structure student loan debt cancellation in a manner that best helps reduce racial wealth gaps and builds a just and equitable economic recovery.
- **Urges the President to extend the current payment relief on all Federal student loan payments and interest for the duration of the COVID-19 pandemic.** Although Congress has authorized temporary protections to Federal student loan borrowers and these protections have been extended administratively through January 31, 2020, the resolution urges the President to further extend these protections throughout the pandemic.