Suggested new language for J.R.H. 27, from VSAC 042716(1)

Resolved by the Senate and House of Representatives:

That the General Assembly requests Congress to (i) amend the federal bankruptcy code to eliminate the prohibition on relief from federal or private student loan debt through the federal bankruptcy system, and (ii) eliminate the unfair income tax consequences for borrowers who complete loan forgiveness programs, and be it further

Resolved: That the U.S. Department of Education is requested to devise (i) new loan counseling programs to provide students debt literacy information and loan repayment options prior to borrowing, when they graduate or leave college, and throughout the lifetime of their loans and (ii) new debt relief programs that effectively address the problems that individuals with low income are encountering in repaying their student loans, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to U.S. Secretary of Education John King and to the Vermont Congressional Delegation.

Note: in order to provide context for these changes, it may be wise to add two new "whereas" clauses:

Whereas, when a federal student loan borrower completes all of the requirements of an income-based student loan repayment program and has the remaining balance of his or her student loan forgiven, the forgiven amount is treated as taxable income with often severe consequences to the borrower, and

Whereas, the current federal student loan program has inadequate loan counseling services available for borrowers at critical times, including when they are trying to determine which loans to borrow, how much to borrow, how to repay when leaving school and how to repay when encountering financial hardships, and