

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Education to which was referred J.R.H. 27 entitled  
3 “Joint resolution requesting federal action to alleviate the national student loan  
4 debt crisis” respectfully reports that it has considered the same and  
5 recommends that the resolution be amended after the title by striking out the  
6 remainder of the resolution and inserting in lieu thereof the following:

7 Whereas, a *Wall Street Journal* article, updated on August 21, 2015,  
8 reported that as of July 2015 nearly seven million Americans were in default  
9 on their federal student loans, meaning they had not made a payment in at least  
10 360 days, and

11 Whereas, this number equals approximately 17 percent of all federal student  
12 loan borrowers, and the number rose six percent, or 400,000 more borrowers,  
13 than the year previously, and

14 Whereas, the Federal Reserve Bank of New York’s Consumer Credit Panel  
15 has reported that in the decade from 2005 to 2015 total student loan debt  
16 tripled and rose to \$1.19 trillion, and

17 Whereas, those in default are often individuals who attended for-profit  
18 colleges, are members of a minority group, and never graduated, and

19 Whereas, overall, one informed estimate is that 27 million borrowers are  
20 either in default or some other form of loan repayment delinquency, and

1        Whereas, Congress enacted the Bipartisan Student Loan Certainty Act of  
2        2013 (Pub.L 113-28), establishing a fixed interest rate for federal student loan  
3        programs with caps ranging from 8.25–10.5 percent depending on the specific  
4        program, but the rates are challenging for the student borrowers, and

5        Whereas, although the rates for 2015–2016 are slightly lower than for the  
6        prior academic year, they still remain high at 4.29 percent for direct subsidized  
7        and unsubsidized undergraduate student loans, and the graduate and  
8        professional federal student loan interest rates in the Direct PLUS Loans  
9        program are nearly seven percent, and

10       Whereas, although experts differ on the extent, there is a general consensus  
11       that in some years the federal government has made a profit on federal student  
12       loans even as numerous borrowers have struggled to make repayments, and

13       Whereas, while the Obama administration has established popular plans that  
14       cap repayments at 10–15 percent of discretionary income, these programs tend  
15       to attract graduates of professional or graduate schools and not those who  
16       earned only a bachelor’s degree or never finished college, and

17       Whereas, unlike many other forms of consumer debt, 11 U.S.C. § 523(a)(8)  
18       of the federal bankruptcy code, with limited exceptions, prohibits using  
19       bankruptcy as a method for student loan debt relief, and

20       Whereas, proposals for free or reduced tuition at public colleges and  
21       restructuring the system of higher education financing may be useful for future

1 students, but they do not solve the problems of those millions of Americans  
2 struggling to repay their existing student loans, especially those for whom a  
3 college education did not secure a sound economic future, and

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

9 Whereas, the current federal student loan program has inadequate loan  
10 counseling services available for borrowers at critical times, including when  
11 they are trying to determine which loans to choose, how much to borrow, how  
12 to repay when leaving school, and how to repay when encountering financial  
13 hardships, now therefore be it

14 Resolved by the Senate and House of Representatives:

15 That the General Assembly requests that Congress amend the federal  
16 bankruptcy code to eliminate the prohibition on relief from federal or private  
17 student loan debt through the federal bankruptcy system and to eliminate the  
18 unfair income tax consequences for borrowers who complete loan forgiveness  
19 programs, and be it further

20 Resolved: That the U.S. Department of Education is requested to devise  
21 new loan counseling programs to provide students with debt literacy

1 information and loan repayment options prior to borrowing, upon graduation or  
2 otherwise leaving college, and throughout the duration of their loans, and new  
3 debt relief programs that effectively address the problems that individuals with  
4 low income are encountering in repaying their student loans, and be it further

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

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9 (Committee vote: \_\_\_\_\_)

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Representative \_\_\_\_\_

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FOR THE COMMITTEE