

[Updated Attachments to my “Letter to the President”](#) (For my proposed “Part II” letter to Pres. Trump on the twin problems skyrocketing tuition & crushing collegiate debt, as well as the excess spending & budgetary issues.)

Table of Contents: (Updated as of [Friday, 03 March 2020](#), by Gordon Wayne Watts, courtesy of *The Register*)

- Letter to the President (8 ½ x 14 document; some names redacted for privacy) **All else is 8 ½ x 11, below:**
- **PROOF of DELIVERY for original Letter to The President (U.S. Postal and UPS) – signed for / received**
- S. 1414 ; H.R. 2648 ; “H.R. 1” (Pres. Donald Trump's proposed loan-limits bill—2 versions)
- “COLLECTION of Higher Education news items” (Highlighting Problems & Proposed Solutions)
- “Why College Prices Keep Rising,” by Alan Collinge (*Forbes.com*) [[used for “Fair Use”]]
- “A Polk Perspective: Fix our bankrupt policy on student debt,” by Gordon Wayne Watts (*TheLedger.com* 2016) [[used for “Fair Use” – commentary, criticism, etc.]]
- “Polk Perspective: Rescue taxpayers from mounting student debt,” by Gordon Wayne Watts (*TheLedger.com* 2018) [[used for “Fair Use” – commentary, criticism, etc.]]
- E-mail from my Congressman, as referenced in the following column, *below*:
- “Polk Perspective: Offer relief for taxes dressed up as ‘loans’,” By Gordon Wayne Watts, Guest columnist (*TheLedger.com* 2019), November 19, 2019 [[used for “Fair Use” – commentary, criticism, etc.]]
- **Annotated** version of the column, *above* (Plus a “proposed press release” with annotations to document claims)
- “Higher Ed Talking Points” (Conservative, Constitutional, religious, & practical talking points in support of standard consumer protections for collegiate loans.)
- MEME: “No, his 100th birthday party was last month. Now, he’s celebrating paying off his student loans!” [[used for “Fair Use” – commentary, criticism, etc.]]
- SUMMARY: FY 2018 (Fiscal Year 2018) “Income vs. Outlays,” by Gordon Wayne Watts (provided by *The Register*: GordonWatts.com and GordonWayneWatts.com)
- Pres. Obama MEME: “He was elected by college students... ..and then **SLAMMED** them with \$1 TRILLION IN DEBT!” [[used for “Fair Use” – commentary, criticism, etc.]]
- Pres. Trump MEME: “*If this man can declare bankruptcy... ..then why can't this student?*”
- MEME: “Ambitious Aspirations” (student pictured in “The Thinker” pose, with huge 'debt' backpack) [[used for “Fair Use” – commentary, criticism, etc.]]
- “Was college once free in United States, as Bernie Sanders says?” by *PolitiFact* – Rated: “Mostly True” (and with documented citations) [[used for “Fair Use” – commentary, criticism, etc.]]
- “Higher-Ed Tuition Costs: The ‘Conservative’ view is not on either extreme: Students are told from an early age that an education is the only way to success, and yet when they follow the inevitable path, they are lured into a trap -a debt-trap.,” by Gordon Wayne Watts (OpEd / Position Paper) [[Used with permission: This is MINE, and I give myself permission! -G.W.!!!]]
- GRAPH: “Figure 1” (The graph that goes with the OpEd, above: VERY IMPORTANT: It shows that either extreme – “Free Handout” or “Excess Taxation” is Liberal)
- Graph from The Concord Coalition (used under Fair Use) showing that lawmakers are increasingly depending on “Automatic” or “Mandatory” spending [[used for “Fair Use”]]
- “Runaway Spending / Governing by Crisis” (GOP Senate Flyer highlighting excessive use of mandatory spending and “temporary” spending bills)
- GRAPH: “Student Loan” debt vs. All Revolving U.S. Debt this century (from: StudentLoanJustice.org) [[used for “Fair Use” – commentary, criticism, etc.]]
- MEMES – Art. I, Sec. 8, clause 4 (U.S. Constitution) – quote: “Create a uniform bankruptcy code” – Comment: “The Founders obviously felt that bankruptcy rights were important. They should have NEVER been taken away from STUDENT LOANS!” (from: StudentLoanJustice.org)
- MEME – Excess Taxation is highlighted in the “Updated Figure 1,” with an annotated graph.
- MEME – Excess Spending is highlighted in this Meme, which quotes U.S. Sec. of Ed., Betsy DeVos.
- Selected testimony before the U.S. House Judiciary Committee (Tue 06-25-2019) Durbin ; Boltz ; Rao ; Jiménez
- PHOTO: StudentLoanJustice.org protest at the U.S. Dept of Ed, with “Highway Sign” meme
- WORD from GOD: ** Bible Verses: What the 3 major world religions say VS Collegiate Debt **
- CITATIONS to G.W. Watts' near-win in the infamous pro-life “Terri Schiavo” case, along with the “Credible Hulk” MEME: “You wouldn’t like me when I’m angry... ..Because I always back up my rage with facts and documented sources. –The Credible Hulk”

Gordon Wayne Watts, Editor-in-Chief, *The Register* <https://GordonWatts.com> or <http://GordonWayneWatts.com>

The Honourable Donald J. Trump c/o *The White House*
1600 Pennsylvania Avenue NW
Washington, DC 20500-0004

Date: Wednesday, 24 April 2019

Subject: Your request for a 'Loan Limits' (spending) bill + related “tax” bill

Dear Mister President:

I write you a short “1-page” letter, here, on a matter of great importance. Since you don't know me, it would be wise for me to list three (3) good references (see other side). If I do a good job in my letter, today, you can be a “4th” reference, later. **The problem:** Anyhow, we face economic disaster, and I seek your help. **My proposed solution:** The two bills about which I'm writing you today.

The 1st bill is your proposed 'loan limits' bill, to limit use of tax dollars to make or back (guarantee) collegiate loans. This is a “spending” bill. **The 2nd bill is H.R.770**, the “Discharge Student Loans in Bankruptcy Act of 2019,” by Rep. John Katko (R-NY-24th). It's technically a “taxation” bill, since it would indirectly result in lower college tuition, **a type of tax**, as tuition is funding going to an arm of Government (State Gov't college). **You, Mr. Katko, & myself are all very Conservative Republicans**—who oppose “tax-and-spend” Liberalism.

First off, thank you for calling for a “loan limits” bill, Mr. Trump, but this will be politically difficult. To that end, please see the 1-page “List of key supporters” I'm including here. With 'Teamwork,' we can pass your bill into law—and avert a crash of the dollar (which WILL happen if we fail, since almost TEN (10%) PERCENT of our Nat'l Debt is collegiate debt). As Forest Gump would say, that's all I got to say about that.

Secondly, however, I ask you to become “The Higher Ed” president & advocate for passage of H.R.770, not unlike how Pres. Obama fought for that horrible ACA, “ObamaCare.” Now, I know that this bill is seen as a “Free Handout” by the GOP (which explains why it's mostly supported by Democrats), but it's not like that: This bill does NOT seek a “Free Handout,” “Loan Forgiveness,” or “Free College.” Indeed, lawmakers didn't listen to me last time, and College Debt is now threatening to crash the dollar. (See the 2 columns I wrote for *The Lakeland Ledger*—Lakeland's between Tampa & Orlando, remember?) Here are but a few reasons why **H.R.770** is absolutely necessary to avoid a crash of the dollar, and avert disaster—on several levels:

(1) Practical: MANY Conservatives currently support returning bankruptcy discharge to collegiate loans. See the 1-page “List of key supporters” I'm including here. —You WILL have much support from true Conservatives.

(2) Constitutional: Current U.S. Bankruptcy Law [11 USC 523(a)(8)] violates the 'Uniformity Clause,' found in the U.S. Constitution: Art.I, Sec.8, Cl.4.: Our bk code is NOT uniform: you ask any college student, ok?..

(3) Moral: With all due respect, Pres. Trump, if YOU'RE permitted bk for huge millions, repeatedly (and so are Credit Card users—who have likewise unsecured debt), why not college student borrowers? **Morals do count.**

(4) Practical: Bankruptcy operates like an “Economic 2nd Amendment,” a defense against predatory lending—and rampant tuition inflation. (No one wants to file BK, but without this defense, lenders prey on poor students.)

(5) About 60—70 Million Americans (almost a **third** of all adults) are greatly harmed by oppressive collegiate debt. See the citations, I'm including: Over 44M have student debt, and many others are co-signers, family, etc.

(6) Experts say that allowing bankruptcy would only result in about 3—4 Billion dollars discharged (and less in subsequent years), but without Bankruptcy (a 'Conservative' Free Market CHECK on predatory lending), our tax dollars keep being put “on the hook” for this mess, **and, as almost 10% of US Debt is college debt, we WILL crash the dollar.**

(So, which of these 2 options is preferable? You tell me.)

(7) FACT: To prove the accuracy of point #6, above, let me remind you that back when we DID have “Bankruptcy Equality” for college loans, “Debunking the first premise is the fact that by 1977, under **0.3%** of the value of all federally guaranteed student loans had been discharged in bankruptcy...(See H.R. REP. NO. 95-595, at 148 (1977)).” **Source: HARVARD LAW REVIEW, page 607 – see here:**

Link: http://HarvardLawReview.org/wp-content/uploads/pdfs/vol126_student_loan_exceptionalism.pdf

(8) FACT: “Four years after graduating college, black students owe nearly twice as much student debt as their white peers do and are three times more likely to default on those loans, according to a new paper by the Brookings Institution.” **Source:** “Black College Grads Have Twice as Much Student Debt as Whites,” by Kerri Anne Renzulli, *TIME*, Oct 21, 2016: **LINK:** <https://TIME.com/money/4540266/student-debt-racial-gap/>

(9) FACT: Many people (Blacks, Democrats, the poor) hate us Republicans—& claim we're greedy & don't care for the middle-class—and cite, as “proof,” the fact that rich GOP Lawmakers can get BK discharge repeatedly, but not college students. **This is a chief cause** (even if not the only cause) of why we ticked off voters & lost the House. I predict we'll lose the Senate & the next Presidential Election if we keep this up. Then (unable to enact our agenda, like protecting the Southern border), we'll lose the nation! I'm NOT asking for a “Free Handout,” just equality here. (Was it worth it to unnecessarily tick off voters —& lose the House? *Oh, really?*)

(10) God agrees with me: As proof of #9, above, please note that King Rehoboam (King Solomon's son), when taking office, REFUSED to reduce the obscenely-high taxation. *Result?* There was a brief Civil War, & the nation split in two. Tuition, a type of tax, is also way too high. **As proof of #9, look** in your Bible: 1 Kings 12:1-20 and 2 Chronicles 10:1-19, for Solomon's son, and even 1 Samuel 22:1-2 for a similar screw-up, ok?

**** Conclusion:** Now, there are a lot of “higher ed” bills floating around (including nutty “Free College” or “Total Loan Forgiveness” bills—which we can't afford & which would never pass—heck, H.R.770 & your loans limits bill will be hard to pass, ok?) **But, please ignore all these 'other' nonsense bills, ok?** So, please see my **2** columns, and a **3rd** from my friend, Alan M. Collinge, in these attachments, and let's avert disaster—With 'key supporters,' let's pass these bills into law already!..

With kind regard, I am, Sincerely,

Gordon Wayne Watts

References

(When writing The President, you'd better have good references—to let him know you're not wasting his time.)

See the postal mail I sent you for details.

TEAMWORK !! (List of key supporters of both bills)

My father (the late Bobby Watts, R.I.P., dad) once told me that if I was trying to fight a problem that was too big for me, to NOT "go it alone," but rather, ask for help from others **to add their voice to mine**. To that end, here's a list (*with references*) of supporters of both bills for which I'm asking your advocacy & support, Pres. Trump.

"Loan Limits" bill –to limit use of U.S. Tax Dollars to make or guarantee Collegiate Loans

(1) **President Donald J. Trump (R-U.S.A.)** – “Trump Proposes Limits On Student Loan Borrowing,” By Zack Friedman, *FORBES*, Tue. March 19, 2019: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans> <<< (**You're correct, Mr. President –but you need help – see below...**)

(2) **(Retired) Rep. Ron Paul (R-TX-14th)**

(3) **(Current) U.S. Secretary of Education, Betsy DeVos** (her comments strongly imply support for your bill)

(4) **(Former) U.S. Secretary of Education, Dr. Bill Bennett** (hint: The 'Bill Bennett Hypothesis')

(5) **Conservative writer, Gordon Wayne Watts (myself!)** (see both columns *I* wrote on this matter)

(6) With 1—5, above, take this list & copies of both my columns in *The Ledger* to House & Senate Lawmakers, & get this loan limits bill passed into law. If Pres. Obama could “lobby for” the sorry ACA & get it passed into law, you can lobby for your bill! Don't let Mr. Obama outdo you, President Trump! Our nation depends on you.

"Collegiate Loan Bankruptcy" Equality bill

(1) **Rep. John Katko (R-NY-24th)** – Rep. Katko is a Conservative Republican, and a former Federal Prosecutor. He's also the sponsor of **H.R.770**, the “**Discharge Student Loans in Bankruptcy Act of 2019**”: <https://www.Congress.gov/bill/116th-congress/house-bill/770/text>

(2) **My good friend, referenced in my letter** – Remember?

(3) **Conservative writer, Gordon Wayne Watts (myself !) – (**) Many other Conservatives support student loan bankruptcy equality:** (4) Ike Brannon of the *Cato Institute* (5) *NY Times* columnist David Brooks

(6) Even Jeb Bush included this in his platform when he ran for president. (7) *National Review*, founded by well-known Conservative, William F. Buckley Jr., is calling for allowing student loans to be dischargeable in bankruptcy (8) as is Frank H. Buckley, a Foundation Professor at Conservative Antonin Scalia Law School of Law at *GMU*. Both (9) *Bloomberg* & (10) *USA Today* also call for bankruptcy to be returned to student loans. Lastly, (11) Libertarian-Conservative, **Dr. Ron Paul** supports bankruptcy for ALL U.S. Debt (not just college debt). **Liberals** like (12) Robert Reich, (13) Thom Hartmann, & many others have called for this much-needed repair to fix a broken system. Indeed, (14) the Democratic Party made return of bankruptcy a plank in their party platform in Philadelphia, recently. (15) **Over 44 Million Americans** have collegiate debt, and would like the same bankruptcy rights you have (and like Credit Card users—for likewise UNSECURED debts). (16) Like above, take this list (and copies of both my columns), advocate to **Lawmakers of both parties**, & get **H.R.770** passed into law. We've tried it the “Liberal” way for too long. Now, let's try it my way, lest we crash the dollar.

REFERENCES – for the above claims:

(1) **President Donald J. Trump (R-U.S.A.)** – “Trump Proposes Limits On Student Loan Borrowing,” By Zack Friedman, *FORBES*, Tue. March 19, 2019: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans> << (**You're correct, Mr. President –but you need help – see below...**)

(2) **(Retired) Rep. Ron Paul (R-TX-14th)** – Dr. Paul seeks and end to ALL U.S.-taxpayer-backed student loans (and not merely a reduction on loan limits) – “Ron Paul: End U.S. student loans,” By *ASSOCIATED PRESS*, 10/23/2011 12:35 PM EDT: <https://www.Politico.com/story/2011/10/ron-paul-end-us-student-loans-066645>

(3) **(Current) U.S. Secretary of Education, Betsy DeVos** – “Prepared Remarks by U.S. Secretary of Education Betsy DeVos to Federal Student Aid’s Training Conference,” By Hon. Betsy DeVos, U.S. Sec. of Education, *U.S. Dept. of Ed*, November 27, 2018: <https://www.ed.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference> where she said in salient part: “Tuition, fees, room and board have grown at twice the rate of inflation and almost two and a half times median income. [] It has something to do with what one of my predecessors [Dr. Bill Bennett] famously pointed out decades ago. When the federal government loans more taxpayer money, schools raise their rates. FSA financing accounts for 80 percent of the actual tuition and fee revenue received by schools. [] Today, FSA's portfolio is nearly 10 percent of our nation's debt. [] Stop and absorb that for a moment. Ten percent of our total national debt. [] The student loan program is not only burying students in debt, it is also burying taxpayers and it's stealing from future generations.” (Note: *Sec. DeVos doesn't outright call for loan limits, but STRONGLY implies it, ok?*)

(4) **(Former) U.S. Secretary of Education, Dr. Bill Bennett** – famous for the “Bill Bennett Hypothesis” (Google it), which states that subsidies have enabled & induced colleges to RAISE tuition! – “Our Greedy Colleges,” By Dr. WILLIAM J. 'Bill' BENNETT, *The New York Times*, February 18, 1987: <https://www.NyTimes.com/1987/02/18/opinion/our-greedy-colleges.html>

((OVER → flip over to see page 2 → OVER))

((OVER → continued from the front-page → OVER))

(5) Conservative writer, Gordon Wayne Watts – the text of TWO (2) VERSIONS of your 'Loan Limits' bill (reversing Boehner's bad bill!) is HERE, Mr. President –and included in the attachments with this data-sheet: <https://GordonWatts.com/BILLS-116hr-GWW-proposed-ih.pdf> and here: <https://GordonWayneWatts.com/BILLS-116hr-GWW-proposed-ih.pdf>

“Collegiate Loan Bankruptcy” Equality bill

_____ **(1) Rep. John Katko (R-NT-24th)** – Rep. Katko is a Conservative Republican, and a former Federal Prosecutor. He is also the sponsor of H.R.770, the “Discharge Student Loans in Bankruptcy Act of 2019”: <https://www.Congress.gov/bill/116th-congress/house-bill/770/text>

_____ **(2) My good friend, referenced in my letter – Remember?** – You'll just have to take my word here, but you can call her if you would like to confirm. If you need any further information, here, you can contact me.

_____ **(3) Conservative writer, Gordon Wayne Watts (myself!)** – “Polk Perspective: Rescue taxpayers from mounting student debt,” By Gordon Wayne Watts, Guest columnist, *The Ledger*, November 16, 2018:

<https://www.TheLedger.com/opinion/20181116/polk-perspective-rescue-taxpayers-from-mounting-student-debt> and previously sought here: “A Polk Perspective: Fix our bankrupt policy on student debt,” By Gordon Wayne Watts, Guest columnist, *The Ledger*, August 04, 2016:

<https://www.TheLedger.com/article/20160804/COLUMNISTS03/160809884/1382/edit?p=all&tc=pgall> with the arguments for passage of bill into law in these columns, and other resources here:

<https://GordonWatts.com> and <https://GordonWayneWatts.com>

**** Many other Conservatives support student loan bankruptcy equality:**

(4) Ike Brannon of the *Cato Institute*: “Let Them Go Bankrupt,” by IKE BRANNON, *The Weekly Standard*, February 12, 2016 at 1:15 AM: <https://WeeklyStandard.com/ike-brannon/let-them-go-bankrupt> “5 MIN READ”

(5) *New York Times* columnist David Brooks: “Shields, Brooks on Romney’s Electability, Cain’s 9-9-9 Plan, Wall St. Protests,” *PBS*, Oct 7, 2011: <https://www.PBS.org/newshour/show/shields-brooks-on-romney-s-electability-cain-s-9-9-9-plan-wall-st-protests#transcript>

(6) Even Jeb Bush included this in his platform when he ran for president: “Bush Pushes Loan Overhaul,” By Michael Stratford, *InsideHigherEd*, January 20, 2016: <https://www.OutsideHigherEd.com/news/2016/01/20/jeb-bush-unveils-higher-education-plan-focus-federal-loan-overhaul> **(Quote:** “Bush also said that he wanted to change federal bankruptcy law to allow private student loan borrowers to more easily discharge their debt in bankruptcy. The Obama administration made a similar proposal late last year.”)

(7) *National Review*, founded by well-known Conservative, William F. Buckley Jr., is calling for allowing student loans to be dischargeable in bankruptcy: “An Idea for Student Loans: Get Rid of Them,” By KEVIN D. WILLIAMSON, *National Review*, April 18, 2019 6:30 AM: <https://NationalReview.com/2019/04/eliminate-federal-student-loans> (Quotes: “The federal government should stop making college loans itself and cease guaranteeing any such loans” and: “make student-loan debt dischargeable in ordinary bankruptcy procedures.”)

(8) as is Frank H. Buckley, a Foundation Professor at Conservative Antonin Scalia Law School of Law at *George Mason University* and author of “The Republican Workers Party: How the Trump Victory Drove Everyone Crazy, and Why It Was Just What We Needed.”: “The silver bullet for student debt: Bankruptcy,” By Frank H. Buckley, *The Washington Post*, August 22, 2018: https://WashingtonPost.com/opinions/the-silver-bullet-for-student-debt-bankruptcy/2018/08/22/dbf2f00a-a0ce-11e8-93e3-24d1703d2a7a_story.html

(9) “Let Student Borrowers Declare Bankruptcy, Already: Judges are right to question the special status of student debt,” By Editorial Board, *Bloomberg*, July 10, 2018: <https://Bloomberg.com/opinion/articles/2018-07-10/when-student-loans-crash-bankruptcy-should-be-an-option>

(10) “Student loans have become our modern-day debtors prisons: Congress and regulators can end the student-loan debtor prison by allowing bankruptcy for struggling borrowers and investigating abuses by loan servicers,” By TIM CHEN, *USA Today*, June 5, 2018: <https://amp.UsaToday.com/amp/640460002>

(11) Dr. Ron Paul supports bankruptcy for ALL U.S. Debt (not just college debt): “Rep. Ron Paul: Bankruptcy could be cure for U.S. debt,” By MICHAEL O'BRIEN, *The Hill*, June 28, 2011: <https://TheHill.com/homenews/campaign/168657-rep-ron-paul-bankruptcy-could-be-cure-for-us-debt>

()** Likewise, liberals like **(12)** Robert Reich, **(13)** Thom Hartmann, & many others have called for this much-needed repair to fix a broken system. Indeed, **(14)** the Democratic Party made return of bankruptcy a plank in their party platform in Philadelphia, recently. Source for 12—14, here: “Student Loans, Bankruptcy and the Silence of Presidents,” By Alan M. Collinge, *InsiderHigherEd*, December 14, 2017: <https://InsideHigherEd.com/views/2017/12/14/college-leaders-should-support-bankruptcy-protection-student-loans-opinion>

(15) Over 44 Million Americans have collegiate debt (and more are co-signers / family!!) →

****** <https://Breitbart.com/politics/2019/04/12/amnesty-advocates-help-illegal-immigrants-get-college-scholarships-while-44-7-million-americans-saddled-with-student-debt>

****** <https://BusinessInsider.com/millennials-college-not-worth-student-loan-debt-2019-4>

***** <https://BusinessInsider.com/successful-y-combinator-application-goodly-new-student-debt-startup-2019-4>

***** <http://TheFiscalTimes.com/2019/04/22/Elizabeth-Warren-s-New-640-Billion-Student-Debt-Cancellation-Plan>

Author of this data-sheet: Gordon Wayne Watts (GordonWatts.com or GordonWayneWatts.com)

April 29, 2019

Dear Gordon Watts:

The following is in response to your request for proof of delivery on your item with the tracking number:
EE46 0571 425U S.

Item Details

Status:	Delivered
Status Date / Time:	April 29, 2019, 4:31 am
Location:	WASHINGTON, DC 20500
Postal Product:	Priority Mail Express 1-Day™
Extra Services:	Insured PO to Addressee Up to \$100 insurance included
Actual Recipient Name:	M NALDO

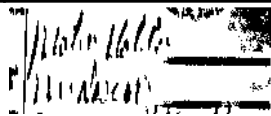
Note: Actual Recipient Name may vary if the intended recipient is not available at the time of delivery.

Shipment Details

Weight:	7.0oz
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Recipient Signature

Signature of Recipient:



Address of Recipient:



Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004

Proof of Delivery

Dear Customer,

This notice serves as proof of delivery for the shipment listed below.

Tracking Number

1Z58935F0323169750

Weight

1.00 LBS

Service

UPS Ground

Shipped / Billed On

04/24/2019

Delivered On

04/29/2019 9:51 A.M.

Delivered To

WASHINGTON, DC, US

Received By

NALDO

Left At

Front Desk

Thank you for giving us this opportunity to serve you. Details are only available for shipments delivered within the last 120 days. Please print for your records if you require this information after 120 days.

Sincerely,

UPS

Tracking results provided by UPS: 04/29/2019 10:21 A.M. EST

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

A BILL

To provide bankruptcy relief for student borrowers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Student Borrower
5 Bankruptcy Relief Act of 2019”.

6 **SEC. 2. AMENDMENTS.**

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

1 (b) CONFORMING AMENDMENT.—Section 1328(a)(2)
2 of title 11, United States Code, is amended by striking
3 “(8),”.

4 **SEC. 3. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.**

5 (a) EFFECTIVE DATE.—Except as provided in sub-
6 section (b), this Act and the amendments made by this
7 Act shall take effect on the date of enactment of this Act.

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

○

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

○

To amend the Higher Education Act of 1965 to begin weaning students, and taxpayer dollars, off of obscenely and dangerously high college loan limits ; aka, the: “**Pres. TRUMP 'Limit on Student Loan Borrowing' Bill**”

IN THE HOUSE OF REPRESENTATIVES

MAY 17, 2019

Mr. SPANO (for himself, Mr. DELANEY, Mr. KATKO, Ms. CASTOR and Ms. WILSON of Florida, Ms. BASS, Mr. COHEN, Mr. KILDEE, and Mr. GOHMERT) introduced the following bill; which was referred to the Committee on the Judiciary; and, then, to the Committee on Education & the Workforce

A BILL

To amend and extend the Higher Education Act of 1965.

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 “Freedom from dangerous, risky, & very obscenely high Loan Limits Act of 2019.”

Section 2. PURPOSE.

This bill's purpose is to begin to reverse the adverse effects of §422 of H.R.507 (109th CONGRESS), the “College Access and Opportunity Act of 2005,” a chief cause of this crippling & massive college debt, which American college students are currently experiencing—and which costs taxpayers, who make and/or back such loans. Obscenely large higher education loans benefited only the banks & universities, and otherwise distorted the Free Market with increased subsidies, in the form of increases in taxpayer-backed college loans, and defeated the prior Conservative Free Market checks/balances against predatory lending, tuition inflation, etc. **[Note: This is a fictitious bill, merely suggesting what *should* be done. ~Gordon Wayne Watts / GordonWatts.com / gordonWAYNEwatts.com]**

Section 3. LOAN LIMITS ; LOAN TERMS AND CONDITIONS.

(a) FEDERAL INSURANCE LIMITS.—Section 425(a)(1)(A) [20 U.S.C. 1075(a)(1)(A)] is amended—

- (1) in clause (i)(I), by striking “\$3,500” and inserting “**\$2,625**”; and
- (2) in clause (ii)(I), by striking “\$4,500” and inserting “**\$3,500**”.

(b) GUARANTEE LIMITS.—Section 428(b)(1)(A) [20 U.S.C. 1078(b)(1)(A)] is amended—

- (1) in clause (i)(I), by striking “\$3,500” and inserting “**\$2,625**”; and
- (2) in clause (ii)(I), by striking “\$4,500” and inserting “**\$3,500**”.

(c) LOAN LIMITS.—Section 464(a) [20 U.S.C. 1087dd(a)] is amended—

(1) in paragraph (2)(A)—

- (A) by striking “\$5,500” in clause (i) and inserting “**\$4,000**”; and
- (B) by striking “\$8,000” in clause (ii) and inserting “**\$6,000**”; and

(2) in paragraph (2)(B)—

- (A) by striking “\$60,000” in clause (i) and inserting “**\$40,000**”; and
- (B) by striking “\$27,500” in clause (ii) and inserting “**\$20,000**”; and
- (C) by striking “\$11,000” in clause (iii) and inserting “**\$8,000**”.

Section 4. EFFECTIVE DATE; APPLICATION OF AMENDMENTS.

- (a) Effective date.—The amendments made by this Act shall take effect immediately, e.g., on the date of the enactment of this Act.
- (b) Application of amendments.—The amendments made by this Act shall apply to all public higher education loans (those made and/or guaranteed directly by the government) and all private loans, except in such cases where the private loans are tantamount and equal in terms to 'Credit Card' loans (e.g., lack all guarantees by the federal government for reimbursement in the event of default, have all standard consumer protections, such as statutes of limitations and bankruptcy on 'standard' terms, not to be confused with the 'Undue Hardship' standard). **[[“Low Energy” version – because this does NOT eliminate use of tax dollars, just reduce them.]]**

∅

To amend the Higher Education Act of 1965 to begin weaning students, and taxpayer dollars, off of obscenely and dangerously high college loan limits ; aka, the: “**Pres. TRUMP 'Limit on Student Loan Borrowing' Bill**”

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(a) FEDERAL INSURANCE LIMITS.—Section 425(a)(1)(A) [20 U.S.C. 1075(a)(1)(A)] is amended—

- (1) in clause (i)(I), by striking “\$3,500” and inserting “\$ 0.00”; and
- (2) in clause (ii)(I), by striking “\$4,500” and inserting “\$ 0.00”.

(b) GUARANTEE LIMITS.—Section 428(b)(1)(A) [20 U.S.C. 1078(b)(1)(A)] is amended—

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- (A) by striking “\$5,500” in clause (i) and inserting “\$ 0.00”; and
- (B) by striking “\$8,000” in clause (ii) and inserting “\$ 0.00”; and

(2) in paragraph (2)(B)—

- (A) by striking “\$60,000” in clause (i) and inserting “\$ 0.00”; and
- (B) by striking “\$27,500” in clause (ii) and inserting “\$ 0.00”; and
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COLLECTION of Higher Ed news items – highlighting problems & proposed solutions

[[Fact sheet](#) / [“Key” News Articles](#), compiled by Gordon Wayne Watts ([GordonWatts.com](#) / [gordonWAYNEwatts.com](#)) Monday, 11/25/2019; Updated Friday, 03 April 2020]

The following paper, here, is a collection of relevant Higher Education news items, which show two things:

(#1) **PROBLEM:** First, and foremost, this should scare the pure living daylights out of the reader (you), and clue you in that there's a “real problem” brewing—which has even resulted in a new “Student Debt suicide” phenomenon![\[a.\]](#)

(#2) **SOLUTION:** Secondly, however, while many solutions are bandied about, we hope to show that what lawmakers have been doing HASN'T worked, & suggest that Alan Collinge's article (below) might be the only thing that works. Alan M. Collinge, a retired rocket scientist, is quite smart (Google him), but in the mean time, let's look at his scientific analysis—a “middle-ground” solution—not on either extreme.[\[b.\]](#)

[\[a.\] Source:](#) “1 in 15 borrowers has considered suicide because of student debt, survey says,” by Alex Tanzi, *The Washington Post*, May 5, 2019, LINK: https://www.WashingtonPost.com/business/economy/student-debt-has-increased-almost-61-billion-since-end-of-2017-survey-shows/2019/05/05/cf923122-6f90-11e9-8be0-ca575670e91c_story.html

[\[b.\] Source:](#) “A key Republican Education Department official and Trump Appointee, A. Wayne Johnson, recently resigned his position and made a radical call for student loan cancellation. Johnson noted that the lending system was “fundamentally broken” and called for loan cancellation for all loan holders up to \$50,000. He also called for a tax credit of the same amount for those who have already repaid their loans. Interestingly, Johnson's plan sounds very similar--and in some ways even more generous--than what presidential candidate Elizabeth Warren is proposing.

This is strong stuff coming from a Republican, particularly one who ran the federal lending program. Johnson's comments could indicate that this problem is far worse than the Department of Education has said publicly. He noted that he came to this conclusion after having a “firsthand look” at defaults, which we already know are running at about 40% for 2004 borrowers. And those borrowers were only borrowing one-third of what students are borrowing currently. One can only wonder how bad the internal projections must be for more recent students.” [\[Small quote, used under “Fair Use” for commentary, criticism, & research\]](#)

[Source:](#) “One inexpensive and easy fix for the student loan problem,” by Alan Collinge, *The Washington Examiner*, November 29, 2019, LINK: <https://www.WashingtonExaminer.com/opinion/op-eds/one-inexpensive-and-easy-fix-for-the-student-loan-problem>

Alan reminds us that “any cancellation program would be administered by the Department of Education, which has a well-documented history of bungling such programs,” **as I prove below in my PSLF news item (and let's not forget that Sec. of Ed., Betsy DeVos nearly got arrested for failure to forgive certain loans obtained under fraud, when she disobeyed a recent Federal Court order), so the Dept. of Education can not be trusted by any of us (even myself, a right-wing Conservative Republican who supports most of the policies of President Trump, who appointed DeVos).**

Alan suggests that returning bankruptcy equality to collegiate loans, as provided by H.R.2648 and S.1414, currently enrolled in Congress, would be “a far less expensive solution than Warren's. At first, there would be an unavoidable spike in filings, but bankruptcy scholar Robert Lawless has estimated that in the “steady-state”, annual discharges would come to less than \$3 Billion per year,” **and that** “we would get a much more efficient and well suited outcome. [\[\]](#) Not to mention: The Founders would agree.”

Is Alan Right? – let's see...

Without bankruptcy defense, all the other “cool” things we want will lack “teeth” – i.e., enforcement motivation. For example, [\[#1\]](#) PSLF (Public Service Loan Forgiveness), [\[#2\]](#) Dept of Ed's “discharge under Borrower Defense to Repayment” program, [\[#3\]](#) Trump's request for Loan Limits legislation using tax\$\$ to make/back college loans, [\[#4\]](#) prohibitions against states taking away driver's licenses, professional licenses, for student loan default, etc., all will have no motives to compel enforcement. [\[#5\]](#) Repeated requests from lawmakers, policymakers, press, and consumer advocates, etc. for colleges to “be fair” in the tuition they charge students are ignored.

[\[#1\]](#) QUOTE: “The government made a simple promise to student loan borrowers - work in public service for 10 years, make valid loan payments for 10 years, and the Education Department would forgive the leftover balance on the loan. **The program is called Public Service Loan Forgiveness. But borrowers have complained for years that the process has not worked as advertised...**As of this summer, nearly 29,000 applications for Public Service Loan Forgiveness have been submitted and processed. But of those 29,000, just 289 applications were approved. That's a 99 percent denial rate. Now, some experts say the acceptance rate is sure to improve. It's early. But it's also hard to see how it could get much worse either.”SOURCE: “**Data Shows 99% Of Applicants For A Student Loan Forgiveness Program Were Denied,**” by *All Things Considered program, NPR, September 21, 2018*, LINK: <https://www.npr.org/2018/09/21/650508381/data-shows-99-of-applicants-for-student-loan-forgiveness-denied>

[\[#2\]](#) QUOTE: “As part of the 2018 court ruling on the collapse of for-profit college chain Corinthian Colleges, the federal judge ordered DeVos and the Department of Education to cease all collections activities on federal student loans used to attend Corinthian schools, given

that they would likely be eligible for **discharge under Borrower Defense to Repayment**. [] DeVos ignored the ruling...” SOURCE: **“Judge Threatens Betsy DeVos With Jail In Student Loan Case,”** by Adam Minsky, *FORBES*, Oct 8, 2019, LINK: <https://www.forbes.com/sites/adamminsky/2019/10/08/judge-threatens-betsy-devos-with-jail-in-student-loan-case/>

#3 QUOTE: “President Trump released a 10-point plan to reform the Higher Education Act, which is the primary legislation that governs higher education...Among others, his goals include: [] reduce the cost of higher education;...The administration calls for limits on federal student loan borrowing and more guidance for borrowers on how likely they are to repay student loans...**Potential Rationale:** Curb the rise of college tuition. Limit the rise in student loan debt. [] **Potential Impact:** Lower education costs can mean less student loan borrowing.” SOURCE: **“Trump Proposes Limits On Student Loan Borrowing,”** By Zack Friedman, *FORBES*, Tue. March 19, 2019, LINK: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans>

#4 QUOTE: “Meanwhile, the number of Americans who need a license to work has almost quadrupled since the 1950s, with nearly a fifth of the nation’s workforce licensed...Fortunately, lawmakers are increasingly looking to protect borrowers from losing their licenses. **On Thursday, Sens. Marco Rubio (R-FL) and Elizabeth Warren (D-MA) reintroduced the Protecting JOBS Act. Under the bill (S. 609), any state that receives federal funding through the Higher Education Act would be barred from denying, suspending, or revoking an occupational license or a driver’s license “solely” because a borrower defaulted on their federal student loans.** [] “It is wrong to threaten a borrower’s livelihood by rescinding a professional license from those who are struggling to repay student loans, and it deprives hardworking Americans of dignified work,” Sen. Rubio said in a statement. “Our bill fixes this ‘catch-22’ and ensures that borrowers are able to continue working to pay off their loans, instead of being caught in a modern-day debtors’ prison.”” SOURCE: **“New Bill By Rubio, Warren Would Stop States From Suspending Job Licenses Over Unpaid Student Loans,”** by Nick Sibilla, *FORBES*, Mar 4, 2019, LINK: <https://www.forbes.com/sites/nicksibilla/2019/03/04/student-loan-debt-can-mean-losing-your-license-to-work-a-new-bill-by-rubio-and-warren-would-stop-it/>

#5 QUOTE: “If the Department of Education were seeing a material, financial loss with loan defaults, they likely would be far more assertive **about the reasons NOT to raise the loan limits**...and this would provide a critical check on the process.” – “Therefore, Congress continues to rubber-stamp these legislative efforts, **and the schools quickly raise their tuition to bump up against the new lending ceilings.**”SOURCE: **“Why College Prices Keep Rising,”** By Alan Michael Collinge (writer) and Peter J Reilly (FORBES Contributor), *FORBES*, March 19, 2012, LINK: <https://www.forbes.com/sites/peterjreilly/2012/03/19/why-college-prices-keep-rising/>
EXPLANATION: In case you didn't get it, advocates and others of “good moral character” keep asking nicely for colleges to lower tuition to affordable levels, but since students can't declare bankruptcy (except under the near-impossible 'Undue Hardship' standard), the Dept of Ed isn't seeing a material loss, and has NO motive to ask lawmakers to lower loan limits, which would (of course) prevent students from borrowing so much, and, in turn, force colleges to lower tuition to affordable levels.

These 5 things aren't happening because **Bankruptcy (the “Economic Second Amendment”)** is lacking as a defense available to student borrowers: *The Register is Conservative*, and we support [H.Res.675 \[116th Congress \(2019-2020\)\]](#), a Resolution expressing the view that Student Loan Forgiveness (or "Free College") are antithetical to American foundational values of self-responsibility & opportunity. **HOWEVER**, if Lawmakers could pass (263-171 in the House) the "Mortgage Bailout" (aka: "Emergency Economic Stabilization Act of 2008") outright giving a "Liberal Free (Corporate) Handout" of Seven-Hundred Billion (\$700,000,000.00) Dollars (*not counting another \$250 Billion and \$350 Billion in Sec.115*) to companies who made bad decisions, and still have a "Bankruptcy Safety Net," the least they could do is return said safety net to student 'loans'. LIBERAL Lawmakers need to offer relief for taxes dressed up as loans to Student Loan Borrowers, and besides this tax-cut for the middle-class, they need to enact the spending cuts that Trump requested, which would drive down student debt and costs of college, as unlimited subsidies stopped "propping up" a Higher Ed Bubble (which looms larger than the 2008 Housing Bubble, as it lacks Bankruptcy as a Free Market check on excessive taxing/spending). **Remember, my Conservative peeps:** The 2ND Amendment is what protects the 1ST- & ALL others! – but even worse things will happen if we fail to enact Bankruptcy Equality for Student Loans, e.g., H.R.2648 and S.1414 — 116th Congress (2019-2020), "A bill to provide bankruptcy relief for student borrowers," – *See below...*

With GOP lawmakers REFUSING to sign on to H.R.2648 and S.1414, we will likely:

- 1) **ANGER VOTERS** – and: Lose the Senate like we lost the House {{{and for the same reasons: Unnecessarily angering MILLIONS – if not HUNDREDS of Millions of Americans, unnecessarily, as 44 Million have oppressive student loans, and another 30–40 Million are cosigners, family, or friends, and, as I this goes to publication, about twenty-six (26%) percent of ALL recent student loans default in the FIRST FIVE (5) YEARS alone, and the figure is probably closer to 50% or 75% over the lifetime of the loan: See point “(G)” below}}}: Even when a large majority of the public favours bankruptcy—even if not outright “free” college—as new research now confirms is happening: “...economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence,” according to a new Princeton paper: “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” by Martin Gilens and Benjamin I. Page, *Perspectives on Politics*, Volume 12, Issue 3, pp. 564–581, September 2014, *American Political Science Association 2014*, DOI:10.1017/S1537592714001595
- 2) **Alienate / Anger Democrat lawmakers**, whose votes we WILL need to get Trump's loan limits bill, and other (non-economic) bills passed into law.

OTHER facts to consider:

⚠️ RED ALERT!! >>> “Small businesses are the backbone of the U.S. economy and account for approximately one-half of the private-

sector economy and 99% of all businesses...**Based on our model, an increase of one standard deviation in student debt reduced the number of businesses with one to four employees by 14% on average between 2000 and 2010.** The effect on larger firm formation decreased with firm size, which we interpret to mean that these firms have greater access to outside capital.” (Source: “WORKING PAPER NO. 15-26 THE IMPACT OF STUDENT LOAN DEBT ON SMALL BUSINESS FORMATION,” by Brent W. Ambrose (Pennsylvania State University and the Federal Reserve Bank of Philadelphia), Larry Cordell (Federal Reserve Bank of Philadelphia), and Shuwei Ma (Federal Reserve Bank of Philadelphia), Research Department, *Federal Reserve Bank of Philadelphia*, July 2015, [LINK: https://www.PhiladelphiaFed.org/-/media/research-and-data/publications/working-papers/2015/wp15-26.pdf](https://www.PhiladelphiaFed.org/-/media/research-and-data/publications/working-papers/2015/wp15-26.pdf) Emphasis added in bold-face and underline, for clarity; not in original.) **COMMENTARY:** The impact of student loans includes (#1) Restricted Consumer Spending, this above, (#2) Delaying adult milestones (delaying, marrying, buying a home, having children, etc.), and (#3) Inflating the cost of everyone's education (which places national security in jeopardy, as an over-indebted, under-educated populace is bad for national security, economy, and socioeconomic & international welfare of the United States.) (#4) BONUS: Interest, alone, on student loan debt is about \$100 Billion/year – money taken OUT of our local communities, e.g., home improvements, consumer goods/services, consumer savings/retirement. **This should be important for supposedly Conservative Red State GOP Republicans, who claim to value our Small Businesses.**

(B) PAST METHODS WORKED—The CLAIM: Bankruptcy is FAR less expensive solution than the current “Free College” or “Loan Forgiveness” plans touted by Democrat Presidential candidates, Bernie Sander, Elizabeth Warren, etc.[***] At first, there'd be an unavoidable spike in filings, but bankruptcy scholar Robert Lawless estimates that in the “steady-state,” annual discharges would plateau & come to less than \$3 Billion per year: “This is also not a question of cost. Allowing the most extreme cases of student loan debt to be forgiven in bankruptcy would only cost the government \$3 billion, representing only 3 percent of the total amount of loans doled out by the government *each year*. This is far less than is expected to be forgiven by other relief programs like Public Service Loan Forgiveness and Income-Based Repayment (or “Pay As You Earn”), in service of a policy that is squarely targeted at distressed borrowers.” (Source: “No Recourse: Putting an End to Bankruptcy’s Student Loan Exception: How student loans are treated differently than almost every other form of debt incurred by American households.,” by Bob Lawless (U of Illinois), *Demos*, posted in RESEARCH, November 24, 2015, LINK 1: <https://www.Demos.org/research/no-recourse-putting-end-bankruptcys-student-loan-exception> LINK 2: <https://www.Demos.org/sites/default/files/publications/Bankruptcy-%28mark%29.pdf> NOTE: Italics in original, © 2019 Demos, Small quote used under “Fair Use”) **COMMENTARY:** The estimated cost of returning bankruptcy to student loans is less than \$3 Billion per year in annual discharges. This is far less than annual government profits on the loans. For proof of this theorem, please see the Harvard Law Review documentation, linked below, which shows that almost NO discharges happened back when bankruptcy WAS legal, from which we can infer a low, \$3B figure. By contrast, the sheer number of loans, SIZE of each loan, and fact that many (if not most) are “in distress,” clearly implies a huge profit margin, which is basically a bubble ready to burst. [***] The ‘Loan Forgiveness’ advocated by Bernie Sanders has historical precedent, in the Judeo-Christian Bible, no less: “I At the end of every seven years you shall grant a release of debts. 2 And this is the form of the release: Every creditor who has lent anything to his neighbor shall release it; he shall not require it of his neighbor or his brother, because it is called the LORD’s release...” (HOLY BIBLE, Deuteronomy 15:1-2a, NKJV, see also Deut 15:1-11, and Leviticus 25:13: “In this Year of Jubilee, each of you shall return to his possession,” re: JUBILEE FORGIVENESS)

**** PROOF:** Dr. Lawless' calculations are reasonable when considering that, even in a “worst case” scenario, even if *every* student loan borrower filed for—and got—full bankruptcy discharge, **this would cost taxpayers almost nothing:** Thanks to Obama-era regulations, the Federal Government is now the SOLE lender (and SOLE OWNER!) of all current student loans, having purchased almost all of existing student loans. In plain English, this means that, as “Sole Owner” of almost all student loans, the Taxpayer Dollars OWN (and don't “guarantee”) the loans, thus do not need to “pay off” the loans: Taxpayers paid IN FULL these loans when the student took out the loan. So, if EVERY SINGLE STUDENT filed bankruptcy (and got it—very unlikely), there would be slight “dip” in repayment (since most are NOT paying, but are in default), and this would scare the lender (the U.S. Dept of Education) into drastically lowering loan limits—thus saving, long-term, TRILLIONS of dollars. **(Failure to return Student Loan Bankruptcy would allow the continued “bleeding to death” of taxpayer dollars, as we continue to lend HUGE AMOUNTS to students who CAN'T pay back, but have NO choice BUT to take out said loans, in order to get an education, with illegally-price-gouged monopoly-inflated tuition and costs of college: Bankruptcy is the needed “Free Market” check on these abuses.)**

THE ‘MATH’ behind said PROOF: “As of July 8, 2016, the federal government owned approximately \$1 trillion in outstanding consumer debt, per data compiled by the Federal Reserve Bank of St. Louis. That figure was up from less than \$150 billion in January 2009, representing a nearly 600% increase over that time span. The main culprit is student loans, which the federal government effectively monopolized in a little-known provision of the Affordable Care Act, signed into law in 2010.” (Source: “Who Actually Owns Student Loan Debt?,” by Sean Ross, *INVESTOPEDIA*, Updated Jul 30, 2019, LINK: <https://www.Investopedia.com/articles/personal-finance/081216/who-actually-owns-student-loan-debt.asp>) In fact, almost all student loans are owned – not guaranteed – by the taxpayer: “Most student loans – about 92%, according to a December 2018 report by MeasureOne, and academic data firm – are owned by the U.S. Department of Education.” (Source: “2019 Student Loan Debt Statistics,” by Teddy Nikiel, *NerdWallet*, December 20, 2019, LINK: <https://www.NerdWallet.com/blog/loans/student-loans/student-loan-debt>) Even assuming \$2 Trillion, a slightly high estimate, the remaining 8% guaranteed (not owned) would only cost taxpayers \$160 Billion, but even this is high because only about half of the loans are outstanding (bringing down the estimate to about \$80B), many students having paid off their loans several times over (making the government a pretty profit). Of those remaining, only about HALF of those are in default (see the 40% figure for the 2004 Brookings paper, above, and know that current students borrow about 2—3 times as much, guaranteeing that OVER HALF of all student are (or will be) in default: Taking half of \$80B yields about \$40 Billion total cost for taxpayers, even if EVERY SINGLE STUDENT *en masse* filed (and was granted) bankruptcy. Since most students would not file for bankruptcy (just like most of the about 100 Million gun owners DO NOT go on shooting sprees for reasons besides genuine “self defense”), this means that, maybe 5 or 10 Billion dollars would be at stake, but even this figure is high: Federal Bankruptcy Courts would NOT grant “total” bankruptcy to student borrowers, unless they were

VERY indigent & poor: Most students would have to pay back “something,” thus the 5 or 10 Billion would be knocked down to about \$3 Billion figure initially cited by Dr. Robert “Bob” Lawless (U of Illinois), *Demos*, and posted just above, thus supporting Dr. Lawless' \$3 Billion/year estimate. CONCLUSION: Returning bankruptcy to Student Loans might cost \$3—4 Billion Dollars. Failure to do so allows taxpayers to BLEED TO DEATH, as we force untold TRILLIONS into rich colleges/banks, using “students as a conduit.” **Moreover, history supports Dr. Lawless' estimate, here:**

(C) PAST METHODS WORKED—The PROOF: Back when we had student loan bankruptcy, as an option, there was ALMOST NO discharge in bankruptcy. (Key concept: An armed society is a polite society, and everyone was “armed” with bankruptcy rights.) “By 1977 only .3% of student loans had been discharged in bankruptcy.” LINK: <https://www.linkedin.com/pulse/history-student-loans-bankruptcy-discharge-steven-palmer> ** “Debunking the first premise is the fact that by 1977, under 0.3% of the value of all federally guaranteed student loans had been discharged in bankruptcy..(See H.R. REP. NO. 95-595, at 148 (1977).)” *Harvard Law Review*, LINK: http://HarvardLawReview.org/wp-content/uploads/pdfs/vol126_student_loan_exceptionalism.pdf

(D) PAST METHODS WORKED— Damning[*-*/] PROOF: When speaking with one intelligent Higher Education staff of an unnamed congressman, he said that if “Standard Consumer Protection” bankruptcy was returned to Student (College) Loans (like in the past, instead of the near-impossible “Undue Hardship” standard), that there'd be a “rush” on bankruptcy filings (and so did his boss, the Congressman, himself, an attorney who did bankruptcy filings, and said they're super easy to do). **MY ANSWER:** Although Dr. Lawless' estimates (A, above), and historical precedent/proof (B, above), pretty-much show that it's not likely, we must be “intellectually honest,” and consider a “worst-case scenario,” to be fair, OK? [*-*/] “*Damning PROOF*” is read “in context,” and to mean “Overwhelming,” not a curse or a cuss word. But as this proof is *overwhelming*, the English Language doesn't have an appropriate descriptor adjective, so this is the closest we can get.

PROOF – Short Answer: Even someone filed (a difficult process for non-lawyers) -- *and* even assuming bankruptcy court granted 100% discharge (possible, but not likely, as courts usually require some portion of the debt repaid), this would not be unlike the Emancipation Proclamation: “Economic” reasons for slavery existed, remember? However, even over the ‘hue and cries’ of angry Southern Businessmen (including Cotton plantation owners), that lack of “free labour” provided by the slaves would crash the economy, put them out of business, etc., guess what? It didn't happen. The nation recovered just fine.

PROOF – Long Answer – with Facts & Documented sources: Regarding my claims, above, that we don't face a greater financial threat if we “free the debt slaves,” I went back and looked for exact facts/figures, and documentation:

Total Free Population 27,489,561

Total Slave Population 3,953,760

Grand Total 31,443,321, Meaning that the Civil War era slaves comprised 12.57% of the U.S. Population

* Source: [https://www.google.com/search?client=opera&q="3%2C953%2C760"+"27%2C489%2C561"](https://www.google.com/search?client=opera&q=)

However, the current batch of “Debt Slaves” comprise roughly 44 Million Americans (documentation below), and as current U.S. Population is about 327.2 million (2018 figures as current as I can quickly get, but the United States 2019 population is estimated at 329,064,917 people at mid year according to UN data), our current debt slaves are only about 13.37% of total population, only *slightly* more. But, since “freeing” these slaves would only free them from their debt (and not relieve them from giving their *entire* life as servitude), and since only some would file for bankruptcy (and since even still, only *some* of the debt would likely be forgiven, as Bankruptcy Court usually requires some -- perhaps half -- of the debt to be repaid), it's obvious that we would not crash the U.S. Dollar if we freed ALL those 44 Million:

* Source: <https://www.google.com/search?client=opera&q=current+us+population>

PROOF—“MORAL” Answer (for religious & God-fearing readers – **Atheists, you can skip this)** – Respectfully, 2 things:

First, and most-importantly, when Federal Lawmakers removed the bankruptcy option from **existing** loan contracts, we violated our word to The Lord (or, for atheists, we lied and are morally bankrupt). So, the unnamed (and intelligent) Higher Education staffer's concern of crashing the “financial” dollar, while a valid claim, respectfully, is **not** comparable to the current state of affairs: We crashed our “moral” capitol before God when we lied to Americans.

Secondly, however, this reminds me of when Moses sent out twelve (12) spies to take possession of “The Promised Land.” (See e.g., NUMBERS, chapters 13 and 14 of the Pentateuch, e.g., the Old Testament, accepted by ALL Jews, ALL Christians, and I think (but am not sure) most Muslims. (Even for our atheist friends, I offer this historical account to make a point, assuming it is literally and historically true, and also as a sort of parable, even still.) I'm asking Representative Spano to pass H.R.2648 and introduce the loan limits bill that President Trump and myself have long requested (and that Sec. Betsy DeVos and Congressman Spano have both said they like; see her recent 11-27-2018 speech last year, and ask Rep. Spano to confirm his views on this) because our current trajectory is dangerous. Yes, there's risk with my suggestion (just as there was a risk for the Israelis to go and take possession of the promised land). But 10 of the 12 spies basically said they were afraid. See here, if you don't have your Bible handy: <https://www.BibleGateway.com/passage/?search=Numbers%2013-14&version=KJV;NIV>

My point? While I don't know the exact circumstances that made it possible for the Israeli army to capture Canaan, the so-called “Promised Land,” I'm guessing there was some festival, and the Canaanites were drunk (and thus vulnerable). Regardless of whether my

"guess" is correct, it's a ****FACT**** that they were vulnerable then, but NOT the following day (when the Israelites went up and got badly defeated -- read the short passages, here). Likewise, we have a "Window of Opportunity" to get both bills introduced and passed (thus stopping the severe hemorrhaging, where we're bleeding out in having almost 10% of our National Debt as college debt alone!), but that opportunity will not forever be available.

Since I've shown, mathematically, that we did NOT crash the economy during Civil War times by freeing *those* slaves, and that our current situation is less heavy on the economy (even assuming all those 44 Million received total "Loan Forgiveness" -- and that's surely not going to happen to all 100% of collegiate debtors), it is only logical (as Mr. Spock from Star Trek might say) that both my bills be passed into law to avert disaster and prevent my ominous "Crashing the Dollar" prophecies from coming to pass. [I remind readers that even if we *did* crash the "financial" dollar, we've already crashed our "moral" capitol by passing UNCONSTITUTIONAL Laws that illegally impaired existing contracts -- something you would not like done to yourself, and it can't get any worse than being on the wrong side of GOD, so we have only one direction to go -- UP.]

(E) CURRENT METHODS DON'T work: The costs of college (which was once FREE – or very close to it) have now become unaffordable, and, now ALMOST TEN (10%) PERCENT of total U.S. Debt is college debt. This hurts student AND taxpayers. The definition of “insanity” is for lawmakers to keep doing that which DOESN'T work, and yet expecting different results. – Want to crash the dollar, or have you had enough? Maybe try it MY way, for once, and get the bankruptcy equality and loan limits BACK into law. [Almost \$2 Trillion in student debt, paid for by tax dollars, divided by slightly more than \$20 Trillion total U.S. debt is almost ten (10%) percent =equals= a “WILL crash the dollar” prediction if not stopped!]

(F) BLACK AMERICANS HURT DISPROPORTIONATELY: “Four years after graduating college, black students owe nearly twice as much student debt as their white peers do and are three times more likely to default on those loans, according to a new paper by the Brookings Institution,” Source: "Black College Grads Have Twice as Much Student Debt as Whites," by Kerri Anne Renzulli, *TIME*, Oct 21, 2016, LINK: <https://TIME.com/money/4540266/student-debt-racial-gap/>

(G) ** “A quarter of borrowers who take out student loans end up defaulting within five years...**Nationwide, 26% of borrowers defaulted,** Pew said.” Source: “1 in 4 Americans defaulted on their student loans, study finds,” by Sarah Min, *CBS News: MONEYWATCH*, Nov 07, 2019, LINK: <https://www.CBSnews.com/news/1-in-4-americans-defaulted-on-their-student-loans-in-five-years/> COMMENTS: Look again, dear reader: This is just in the FIRST FIVE (5) YEARS. Probably, true default rate is closer to 50% or 75% over the lifetime of the loan. *See below for more-updated figures to verify...*

**** Brookings** recently reported[a] that **defaults run at about 40% for 2004 student loan borrowers**, and as those borrowers were only borrowing one-third[b] of what students are borrowing currently, eventual default rates are probably much higher, portending a Bubble much larger than the 2008 Housing Bubble.

[a] <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>

[b] <https://www.WashingtonExaminer.com/opinion/op-eds/one-inexpensive-and-easy-fix-for-the-student-loan-problem>

**** “At one end of the spectrum** are the active repayers, those who managed to make timely payments without ever postponing payments or becoming delinquent. About 37 percent of borrowers were repaying their loans without taking any mitigating actions, representing almost 667,000 **borrowers in 2005** with nearly \$13.1 billion in loans. Whether they found making timely payments easy or difficult and whether they restructured their loans into other repayment plans to make the payments more manageable are not captured in the available data. [] **The remaining 64 percent—more than 1.1 million borrowers with over \$25.3 billion in loans—were not actively repaying their loans** for at least a portion of the study period and are likely to be a source of concern to varying extents.” *Source:* “Delinquency: The Untold Story of Student Loan Borrowing,” by Alisa F. Cunningham and Gregory S. Kienzl, Ph.D, A report prepared by: *Institute for Higher Education Policy*, March 2011,

LINK: http://www.IHEP.org/sites/default/files/uploads/docs/pubs/delinquency-the_untold_story_final_march_2011.pdf

Cross-posted: [https://www.Bankruptcy-Divorce.com/Bankruptcy-Student-Loan/Delinquency-](https://www.Bankruptcy-Divorce.com/Bankruptcy-Student-Loan/Delinquency-The_Untold_Story_FINAL_March_2011.pdf)

[The_Untold_Story_FINAL_March_2011.pdf](https://www.Bankruptcy-Divorce.com/Bankruptcy-Student-Loan/Delinquency-The_Untold_Story_FINAL_March_2011.pdf)

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“Fair Use” Cache-2: https://GordonWayneWatts.com/Delinquency-The_Untold_Story_FINAL_March_2011.pdf

(H) “Was college once free in United States, as Bernie Sanders says?,” By Amy Sherman on Tuesday, February 9th, 2016 at 4:00 p.m., (Rated: “Mostly True”), *PolitiFact*, LINK: <https://www.PolitiFact.com/florida/statements/2016/feb/09/bernie-s/was-college-once-free-united-states-and-it-oversea/> QUOTE: “**Our ruling** [] Sanders said, "Making public colleges and universities tuition free, that exists in countries all over the world, used to exist in the United States." [] There are at least nine advanced countries that offer free college, including the recent addition of Germany. [] There was a time in the United States when some public colleges and universities charged no tuition. However, tuition has never been set as a national policy -- it is a decision for each school or state government officials. And some colleges charged tuition dating back to the 1800s. [] Sanders' statement is accurate but needs clarification. We rate this statement Mostly True.” **COMMENTARY:** If we had 'free' college in the past (or real close to it), then MY more-moderate compromises are VERY reasonable, if not outright required to prevent a crash of the dollar, loss of the Senate over to Democrats, and an over-debt-burdened, and under-educated populace, both of which THREATEN National Security.

(I) Over 44 Million Americans have collegiate debt (and more, probably 30—40 Million more, are co-signers / family!!

CONSERVATIVE TOTAL: 44M + 40M ≈ 84+ Million Americans!?) Want a “quick” way to anger LOTS of voters? Look no further than HERE → ** <https://Breitbart.com/politics/2019/04/12/amnesty-advocates-help-illegal-immigrants-get-college-scholarships-while-44-7-million-americans-saddled-with-student-debt>

** <https://BusinessInsider.com/millennials-college-not-worth-student-loan-debt-2019-4>

* <https://BusinessInsider.com/successful-y-combinator-application-goodly-new-student-debt-startup-2019-4>

* <http://TheFiscalTimes.com/2019/04/22/Elizabeth-Warren-s-New-640-Billion-Student-Debt-Cancellation-Plan>

With over 44 Million students in debt for college, and another 30 or 40 Million who are cosigners, family, or friends, this is now a crisis bubble, which will burst if not put in check. Prior congresses have kept “kicking the can down the road,” an obvious example of rich colleges and banks having their way with lawmakers, even when a large majority of the public favored bankruptcy—even if not outright “free” college—as new research now confirms is happening: “Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.” (Abstract paragraph) **Source:** “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” by Martin Gilens and Benjamin I. Page, *Perspectives on Politics*, Volume 12, Issue 3, pp. 564–581, September 2014, © *American Political Science Association 2014*, republished with attribution and used under “Fair Use” legal standards, for scholarly criticism & commentary purposes, DOI:10.1017/S1537592714001595,

LINK: <https://doi.org/10.1017/S1537592714001595> LINK:

https://Scholar.Princeton.edu/sites/default/files/mgilens/files/gilens_and_page_2014_-testing_theories_of_american_politics.doc.pdf

LINK: <https://www.Cambridge.org/core/journals/perspectives-on-politics/article/testing-theories-of-american-politics-elites-interest-groups-and-average-citizens/62327F513959D0A304D4893B382B992B>

LINK: <https://www.Scholars.Northwestern.edu/en/publications/testing-theories-of-american-politics-elites-interest-groups-and->

Background stats regarding the 44.7 Million Americans with crushing/oppressive Student Debt, above

To put things into perspective, the Federal Reserve just reported that “Between 2001 and 2016, the real amount of student debt owed by American households more than tripled, from about \$340 billion to more than \$1.3 trillion,” which, is an increase of more than \$960 Billion over a 15-year period, or \$64 Billion/year, or \$175,222,450.38 each day.

Sources: “Between 2001 and 2016, the real amount of student debt owed by American households more than tripled, from about \$340 billion to more than \$1.3 trillion.” SOURCE: “FEDS Notes: Student Loan Debt and Aggregate Consumption Growth,” By Laura Feiveson, Alvaro Mezza, and Kamila Sommer, *The Federal Reserve*, 21 February 2018, Last Update: March 05, 2018, LINK: <https://www.FederalReserve.gov/econres/notes/feds-notes/student-loan-debt-and-aggregate-consumption-growth-20180221.htm>

And: “Presidential contender wants to wipe out all \$1.6T of student loan debt in the US.” SOURCE: “Sanders to Propose ‘Revolutionary’ End to an ‘Absurdity,’” By Jenn Gidman, *Newser*, 24 June 2019, LINK: <https://www.Newser.com/story/276912/sanders-plan-that-16t-in-student-loan-debt-gone.html>

And: “Americans owe a staggering 1.6 trillion dollars in student loan debt.” SOURCE: “Dozens of Proposals Address Student Loan Debt, but Congress Can’t Agree,” By Eva McKend (Washington, D.C.), *Spectrum News 1*, 11 September 2019, LINK: <https://SpectrumNews1.com/ky/louisville/news/2019/09/11/addressing-student-loan-debt-crisis>

At a current average interest rate of 4.53% for undergrads (with grads & parent loans even higher), as reported by the U.S. Department of Education (StudentAid.gov), this is over 7.9 Million Dollars of interest alone, each day. Most-importantly, with current student debt predicted to hit two trillion around 2020, according to World.edu, comprising almost ten (10%) of total U.S. Debt, this is a bubble that is bigger than the infamous Housing Crash of 2008. (And even this figure may be an underestimate, since this \$2 Trillion figure doesn’t include funds students must divert away from retirement savings, parent borrowing, or credit card debt—or even housing debt, which may be “student debt in disguise,” since parents are constantly taking out home equity loans & mortgages to help cover their kids’ educational costs.)

Sources: “The federal student loan interest rate for undergraduates is 4.53% for the 2019-20 school year. Federal rates for unsubsidized graduate student loans and parent loans are higher — 6.08% and 7.08%, respectively.” SOURCE: “Current Student Loan Interest Rates and How They Work,” By Teddy Nykiel, *Nerd Wallet*, 01 November 2019, LINK: <https://www.NerdWallet.com/blog/loans/student-loans/student-loan-interest-rates/> And as verified by <https://StudentAid.gov/understand-aid/types/loans/interest-rates>

And: “Americans are beginning to realize that student loans pose a big problem. Total student-loan debt is now well over a trillion dollars (and is predicted to hit two trillion around 2020). About a third of young people who are supposed to be making payments on their loans are delinquent, and there is every reason to suspect that a large chunk of what is owed will not be repaid, with taxpayers picking up the tab...Still, something is going to have to give. In the financial world, people warn that someone is going to have to take a haircut (a loss). It is difficult to see how we can resolve the current student-loan problem without everyone—colleges (both for-profit and nonprofit), students, legislators, taxpayers, etc.—taking a haircut. However, we have a choice: Either we can address the problem of student lending as a whole or we can continue to worry about one mess at a time, until we all find ourselves with really bad haircuts.” SOURCE: “Dealing with student loans one mess at a time hasn’t worked,” By Joel and Eric Best, *World*, 21 March 2014, LINK: <https://World.edu/dealing-student-loans-one-mess-time-hasnt-worked/>

See also: Actually, a large chunk of housing debt may be “student debt in disguise,” since parents are constantly taking out home equity

loans & mortgages to help cover their kids' educational costs, suggesting Student Debt is closer to TWO (\$2,000,000,000,000.00) TRILION Dollars. Source: "Americans Owe \$2 Trillion in Student Loans, We Just Don't Know it Yet," By Travis Hornsby, *Student Loan Planner*, 23 July 2018, LINK: https://www.StudentLoanPlanner.com/student-loans-2-trillion/#Add_it_All_Together_and_We_Could_Easily_be_at_2_Trillion_in_Student_Loans

Editor's Note: Even this figure doesn't tell the full story, however, as the estimated \$2 trillion doesn't include funds students must divert away from retirement savings, parent borrowing, or credit card debt.

See also: "From 2006 through 2020, average federal student loan interest rates were: 4.79% for undergraduates 6.36% for graduate students 7.41% for parents and graduate students taking out PLUS loans." SOURCE: "Average Student Loan Interest Rates in 2020," By Matt Carter, *CREDIBLE*, 30 December 2019, LINK: <https://www.Credible.com/blog/refinance-student-loans/what-are-average-student-loan-interest-rates/>

(J) The Founding Fathers called for uniform bankruptcy laws ahead of the power to raise an army and declare war. Student loans are the ONLY type of loan in this country from which these have been stripped. As I document, in my recent columns, current U.S. Code violates both the Contract Clause (Art.I, Sec.10, Cl.1, U.S. Constitution), the *ex post facto* Law Clause (Art.I, Sec.10, Cl.1, U.S. Constitution), and the Uniformity Clause (Art.I, Sec.8, Cl.4, U.S. Constitution), a special case of Equal Protection: Current Bankruptcy code is NOT uniform (you ask any college student), and also changes in Federal Law impaired (changed) existing contracts (which, in any other profession, would be illegal, but – like Terri Schiavo – "exceptions" were made as to who is –and is not– protected by the Law). For proof that there WERE changes to Federal Bankruptcy law (that constituted an impairment of existing loan contracts, and thus violation of the Contract Clause, and illegal retroactive changes – a violation of the *ex post facto* Law Clause, both in Art.I, Sec.10, Cl.1, U.S. Constitution), see e.g., the 'Annotated' notes on my 700-word Ledger column, at either of these mirrors: https://GordonWatts.com/ANNOTATED_700-word_Column-PART-3-Spano.pdf

or: https://gordonWAYNEwatts.com/ANNOTATED_700-word_Column-PART-3-Spano.pdf Or see the testimony of Bankruptcy expert, Atty. Ed Boltz, before the *House Judiciary Committee*: <http://Docs.House.gov/meetings/JU/JU05/20190625/109657/HHRG-116-JU05-Wstate-BoltzE-20190625.pdf>

(K) LBJ promised in 1965 that student loans would be "free of interest." Today, Interest on the nation's student debt grows at \$100 Billion per year. (Google this to verify or deny.)

(L) The Federal government is profiting upwards of \$50 Billion per year on this program, and even makes a profit on defaulted student loans. (See e.g., Alan Collinge's column, above, to document this.)

(M) Conservatives from places like the National Review, Cato Institute, George Mason University, and Bloomberg (and myself, the undersigned writer – a "far right" Conservative) are calling for the return of bankruptcy rights to student loans. For documentation of this, see my recent letter to The President – posted at *The Register* (GordonWatts.com / gordonWAYNEwatts.com)

* https://GordonWatts.com/proof-read_Letter-to-the-President_withReferencesAndAttachments_PDF.pdf

* https://gordonWAYNEwatts.com/proof-read_Letter-to-the-President_withReferencesAndAttachments_PDF.pdf

(N) BONUS POINT: The Housing Bubble of 2007-2008 was bad, but it would have been much worse had borrowers LACKED bankruptcy (a Free Market check/balance against predatory lending). Student Debt, by contrast, will be a much worse bubble if left unchecked (since borrowers, here, LACK bankruptcy as a Standard Consumer Protection defense).

(O) BONUS POINT: If you look carefully at my political ideology graph (costs of college vs. political ideology), you'll see, clearly, that even though "Free College" is "Liberal" (a 'Liberal' Free Handout), the current costs of college (tuition, shown to be a type of tax, as it's funding going to an arm of government, state colleges, here), the "excessive tax" is FAR more "Liberal" as in "tax-and-spend" liberal. So, while I don't support 'Free College,' even THAT is nowhere as Liberal as the current state of affairs. PROOF: See 'Figure 1' – and 'Updated' Figure 1, at any of these mirrors – posted at *The Register*:

- <https://GordonWatts.com/Higher-Ed-Tuition-Costs.html>
- <https://gordonWAYNEwatts.com/Higher-Ed-Tuition-Costs.html>
- http://Gordon_Watts.Tripod.com/Higher-Ed-Tuition-Costs.html
- <https://ThirstForJustice.net/Higher-Ed-Tuition-Costs.html>

(P) COLLEGE Debt is almost TEN (10%) PERCENT of Total Debt – PROOF: Apparently, in response to my column, Sec. of Education, Betsy DeVos, her 11-27-18 speech, 11 days later, repeated my complaints that "Collegiate debt, now almost \$2 trillion, is almost 10 percent of total U.S. debt." I quote her: "Today, FSA's [student debt] portfolio is nearly 10 percent of our nation's debt. [] Stop and absorb that for a moment. Ten percent of our total national debt."

LINK: <https://www.ED.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference>

Fair use archives: www.GordonWatts.com/DeVos-speech_11-27-2018_PDF.pdf

Or: www.gordonWAYNEwatts.com/DeVos-speech_11-27-2018_PDF.pdf

* Two **OTHER** Constitutional violations are occurring: **ILLEGAL Monopoly**, and **Lack of Notice (Due Process)**

(Q) ILLEGAL Monopoly “Legally,” yet another problem exists: U.S. Colleges & Universities hold a monopoly on Higher Education, but it isn't seen (due to the fact that it's so widespread). However, **Dictionary.com** verifies & proves my claim, as it defines a 'monopoly' as: “exclusive control of a commodity or service in a particular market, or a control that makes possible the manipulation of prices. Compare duopoly, oligopoly.” <http://www.Dictionary.com/browse/monopoly> – College price-gouging students are more-able if (since) they hold a monopoly (which we all know is illegal). [source: case-law on monopolies – they're illegal, hello?]

(R) Lack of Notice (Due Process) “Legally,” when students were not told of the lack of bankruptcy & other 'standard' consumer protections when taking out the loan (which happened because Truth in Lending requirements were removed), this violated fundamental Federal Due Process, as it is a law void for vagueness, due to the lack of proper notice. [source: Case Law on laws 'Void for Vagueness,' and U.S. Constitution DUE PROCESS rights]

(S) SLAVERY – Redux: We've already seen how oppressive (and illegally-obtained, since it was done deceptively and without Truth in Lending—above) collegiate debt hurts Black Americans, but let's revisit this—REDUX: **Some have said that “we paid our loans,” and that existing “debt slaves” (the correct legal term) should pay their **own** freedom. But is this right? ANSWER: No!** 🚫 Back when President Abraham Lincoln issued the “Emancipation Proclamation,” some existing slaves had already bought (purchased) their own freedom. However, when the rest of the slaves were freed, do you recall any of the “bought my freedom” slaves telling Abe Lincoln to chill out – and make these slaves pay for their own freedoms? NO! They celebrated with them – and rightly so. (Granted, if someone has paid off their college debt and then can't file bankruptcy, perhaps some tax credit would be appropriate, but that is not what happened with even the slavery issue in the Civil War era, and maybe it is not necessary here.)

<http://www.ibhe.state.il.us/NewsDigest/NewsWeekly/092807.pdf> (Higher Ed NewsWeekly: from the Illinois Board of Higher Education, page 57)

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...See below for: “(T) “The Lasting Impact on Students’ Lives” ...

(T) “The Lasting Impact on Students’ Lives” I also found that students who graduate with excessive debt are about 10% more likely to say that it caused delays in major life events, such as **buying a home, getting married, or having children**. They are also about 20% more likely to say that their debt influenced their employment plans, causing them to take a job outside their field, to work more than they desired, or to work more than one job...What Can Be Done?...Colleges must also be given better tools to limit student borrowing. For example, college financial aid administrators must be permitted to **reduce federal loan limits** based on the student’s enrollment status and academic major.” source: “Why the Student Loan Crisis Is Even Worse Than People Think,” *TIME*, by Mark Kantrowitz <http://TIME.com/money/4168510/why-student-loan-crisis-is-worse-than-people-think/> Jan. 11, 2016 –Mark Kantrowitz is one of the nation’s leading student financial aid experts.

⇒ **“The Lasting Impact on Students’ Lives—Part II”** – “1 in 15 borrowers **has considered suicide** because of student debt, survey says,” by Alex Tanzi, *The Washington Post*, May 5, 2019, LINK: https://www.WashingtonPost.com/business/economy/student-debt-has-increased-almost-61-billion-since-end-of-2017-survey-shows/2019/05/05/cf923122-6f90-11e9-8be0-ca575670e91c_story.html

⇒ **See Also:** * “Crushing debt” (Chicago Sun-Times, BY DAVE NEWBART) September 24, 2007 "Jan Yoder was preparing for her son's funeral when the phone rang. It was another student loan collector wanting to know when her son would pay up...It was those calls and the burden of crushing debt, **she says, that led her depressed son to take the drastic action of killing himself late last month.** "When it gets to the point where people are fleeing the country, going off the grid or taking their own lives, you know something has gone horribly wrong," said Alan Collinge, founder of Student Loan Justice, which is pushing to change student lending laws.” ~ <http://nalert.blogspot.com/2007/09/student-loan-debt-drives-man-to-suicide.html> (Newsalert) See also: <http://StudentLoanJustice.org>

* **“I’m Thinking of Suicide Because of My Student Loans. – John”** (GetOutOfDebt.org, undated news story) “Dear Steve, My student loans are almost \$42,000 dollars. I pay almost \$260 dollars per month and all but \$12 dollars is interest and the principal continues to go higher...I frequently think about suicide; thinking about my son is the only thing that has so far kept me from committing suicide. John”<http://GetOutOfDebt.org/5493/im-thinking-of-suicide-because-of-my-student-loans-john>

* "A Pastor's Student Loan Debt" (NPR, by Libby Lewis) July 14, 2007 “Dan Lozer's tiny paycheck means he'll be paying off those loans until 2029...**Lozer said there was a time when he thought about suicide.**” LINK: <http://www.npr.org/templates/story/story.php?storyId=11980696>

* “Company’s march toward student loan monopoly scary” (The News Tribune, By ALAN COLLINGE) 06/19/07 “In Boston; a medical student can’t get licensed because he can’t pay \$52,000 on what began as a \$3,000 debt. **A suicide in Oregon. A suicide in Maryland. People who have fled the country due to the explosion of their student loan debt.** The list goes on and on.”<http://www.TheNewsTribune.com/opinion/othervoices/story/90638.html> See also: <http://StudentLoanJustice.org> [Emphasis added in Bold-faced and/or underline and/or Red Font for emphasis; not in original.]

This is a hard time if year for a lot of folks: Holidays are often difficult & emotional.

The NATIONAL SUICIDE PREVENTION HOTLINE IS:

1-800-273-8255

(A simple copy and paste may save someone’s life.)

Also helpful:

* **If you have an emergency, don't be afraid to call 911**

* **SEEK GOD’S HELP: Fast and pray (Jesus' idea, viz MATTHEW 6:16, 'when' you fast, not 'if' you fast, and that may include a "Facebook fast?" Ask God.)**

* **COMMUNITY: You have friends. Ask them for help; and, be there when *they* need help. You'll feel better when you help others.**

* **Healthy diet and lifestyle.**

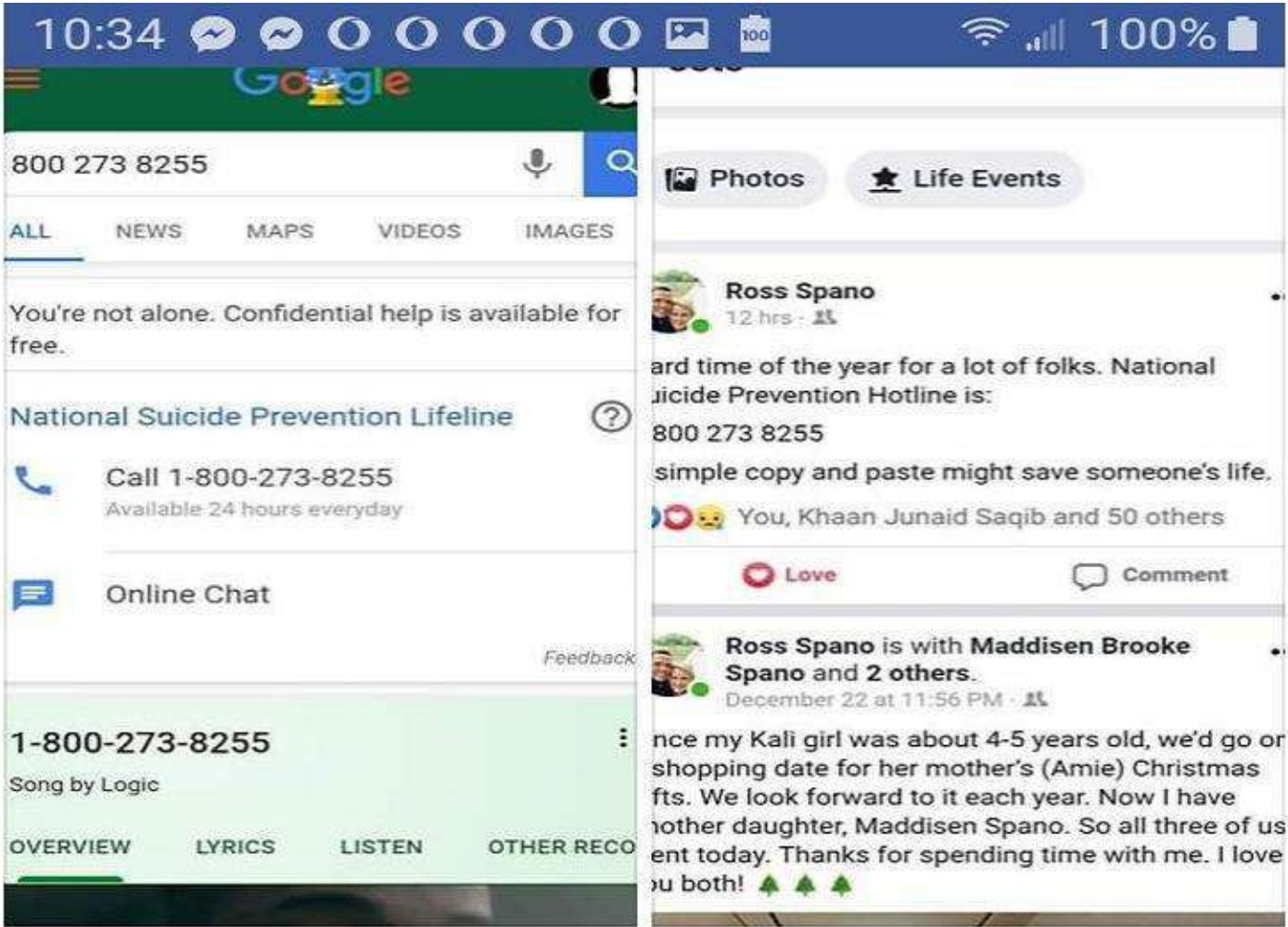
* **Take a walk, a warm bath, or a good nap.**

* **Finish that long-lost project sitting on the shelf; maybe God told you to?..**

* **Faith in God, family, friends, and repeat this list from the top. SEE SCREENSHOTS FOR CLARIFICATION & VERIFICATION. :-) <3**

Tag: Idea for this list in part from my friend, Ross Spano

Gordon Wayne Watts, Plant City and Lakeland, FLORIDA, U.S.A.



 Love

 Comment

 Share

 You, Robert More and 3 others





Ross Spano

Thanks for posting **Gordon Wayne Watts!**  1

6 hrs **Love** Reply More



Gordon Wayne Watts

You're welcome, **Ross Spano!** And thank *you* for your original post. Have some good Christmas "time off": Your work as a Congressman is "long hours" work sometimes.   1

Just now **Love** Reply More

(U) UNNECESSARY ADMINISTRATIVE COSTS for TAXPAYERS!! → “The Department [of Education] and EDC often oppose an undue hardship discharge for a consumer who could make minimal IDR payments even when there is no likelihood that the consumer’s financial situation will improve or that there will be any meaningful repayment of the student loans. Even when faced with clear evidence that the consumer’s situation is not likely to change, the Department’s position has been that the consumer should wait twenty or twenty-five years in the future to obtain loan forgiveness through the IDR program rather than a seek bankruptcy discharge. **This position is fiscally irresponsible as it fails to consider the administrative costs to the Federal government and ultimately taxpayers in keeping the consumer on an IDR plan when there is no anticipated loan repayment.** [] This is illustrated by the Department’s actions in *In re West*.⁴⁵ The debtor is 60 years old and unemployed. His only income is \$194 per month in Supplemental Nutrition Assistance Program (“SNAP”) benefits, and he lives with an aunt who does not charge him rent. The bankruptcy court found the debtor’s testimony to be credible that his criminal background, combined with his age and race, have made it impossible for him to find work. Despite this bleak future, the Department argued that the debtor should not receive a bankruptcy discharge and instead should enroll in an IDR with a \$0 payment. [] **Simply put, the Department’s policy amounts to throwing good money after bad.”** (Source: Written Testimony of John Rao; Attorney, National Consumer Law Center Before the *House Judiciary Subcommittee* on Antitrust, Commercial, and Administrative Law Oversight of Bankruptcy Law and Legislative Proposals June 19, 2019, LINK: <http://Docs.House.gov/meetings/JU/JU05/20190625/109657/HHRG-116-JU05-Wstate-RaoJ-20190625.pdf> PAGE:<https://Judiciary.House.gov/legislation/hearings/oversight-bankruptcy-law-and-legislative-proposals>)

(V) For CHRISTIANS: We must not fail to obey the authorities over us: “13:1 Let every soul be subject to the governing authorities. For there is no authority except from God, and the authorities that exist are appointed by God. 13:2 Therefore whoever resists the authority resists the ordinance of God, and those who resist will bring judgment on themselves. 13:3 For rulers are not a terror to good works, but to evil. Do you want to be unafraid of the authority? Do what is good, and you will have praise from the same.” – **Romans 13:1-3, Holy Bible, NKJV** [] **The “governing authorities” here INCLUDES the U.S. Constitution's “uniformity” and “contract” clauses,** Art. I, Sec. 8, Cl. 4 of the U.S. Constitution, which requires that ANY “bankruptcy” law be UNIFORM, but it is not: You ask ANY college student: Section 523(a)(8) of U.S. Code (the offensive law in question), is NOT “uniform,” DOES violate the U.S. Constitution, and therefore DOES violate God's standards in Romans 13:1-3 [] –and the *ex post facto* Law and Contract Clauses (Art.I, Sec.10, Cl.1, U.S. Constitution).

(W) OLD Testament (Accepted by Jews & Christians) College Tuition is a type of “tax,” because it's monies\$\$ going to an “arm of the government” (state government colleges, in this case), and, as collegiate tuition is WAAAY to high, it's safe to say that students are being “over-taxed” big time—which “over-taxing” is FORBIDDEN by the God: 1 Samuel 22:1-2 (King David—before he was King—got support from many over-taxed citizen) 1 Kings 11:42-43 ; 1 Kings 12:1-20 (Solomon's EVIL, STUPID son, Rehoboam committed this sin! And it led to civil unrest, and a brief civil war!) 2 Chronicles 9:30-31 ; 2 Chronicles 10:1-19 (Reprise: Solomon's EVIL, STUPID son, Rehoboam))

(X) NEW Testament (Accepted by Christians) “46 And He said, “Woe to you also, lawyers! For you load men with burdens hard to bear, and you yourselves do not touch the burdens with one of your fingers.” “3 Therefore whatever they tell you to observe, *that* observe and do, but do not do according to their works; for they say, and do not do. 4 For they bind heavy burdens, hard to bear, and lay *them* on men’s shoulders; but they *themselves* will not move them with one of their fingers.” [Luke 11:46; Matthew 23:3-4, NKJV, **Words of Jesus in red**] **Commentary:** 'Lawyers' & others, such as Federal Lawmakers, who “load men with burdens” (by passing laws stripping students' ability to obtain bankruptcy for most college loans -and stripping 'Truth In Lending' requirements to give borrowers fair 'Due Process' notice of this) certainly violate the Golden Rule. Lawmakers are hypocrites: They wouldn't accept this 'too hard to bear' 'burden' on their shoulders! **Plus, just because student can get IBR (“income based repayment”) that doesn't mean everything's alright:** [[1]] It takes several days each year to fill out the paperwork, and re-certify, [[2]] Even IF anything's forgiven eventually, it's “taxable” income, [[3]] People with student debt problems can end up with “bad” credit, which makes it much harder to get jobs, and they can lost their driver's licenses and professional licenses if it does to far, and finally, all those lead to [[4]] Excessive stress, which is bad for the health, and of course, reduces earning potential. [[5]] Plus, point (U) above: IBR makes unnecessary administrative co\$ts for taxpayers!

** **“The “Golden Rule”:** ** “...thou shalt love thy neighbour as thyself: I am the LORD.” LEVITICUS 19:18b, Holy Bible, KJV (See also: Leviticus 19:34 – **Note: The Christian Old Testament comprises parts of the Jewish Torah**)

** “...Thou shalt love thy neighbour as thyself,” MATTHEW 22:39b, MARK 12:31b, Holy Bible, KJV

** “Do to others as you would have them do to you,” LUKE 6:31, Holy Bible, NIV

** “Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets,” MATTHEW 7:12 (KJV) → **One more thing from the Christian Holy Bible:**

Mark 11:25-26 King James Version (KJV), Holy Bible, Jesus speaking:

25 And when ye stand praying, forgive, if ye have ought against any: that your Father also which is in heaven may forgive you your trespasses. **26** But if ye do not forgive, neither will your Father which is in heaven forgive your trespasses.

[Gordon says: And this would include student debt being forgiven – either completely or partly through bankruptcy, since we can't call Jesus a liar: “1 At the end of every seven years you shall grant a release of debts. 2 And this is the form of the release: Every creditor who has lent anything to his neighbor shall release it; he shall not require it of his neighbor or his brother, because it is called the LORD’s release...” (HOLY BIBLE, Deuteronomy 15:1-2a, NKJV, see also Deut 15:1-11, and Leviticus 25:13: “In this Year of Jubilee, each of you shall return to his possession,” re: JUBILEE FORGIVENESS)

(Y) ISLAM (Accepted by Muslims) – Moreover, most devout Muslims will recall that Surah 3:130, Surah 4:161, and even Surah al-Rum (The Romans) Quran 30:39 prohibit usury (excessive interest), which is usually present in collegiate loans. See also Al-Baqarah

(The Cow), Surah 2:275, THE NOBLE QUR'AN, which has an especially harsh/eternal punishment for: “Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, “Trade is [just] like interest.” But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah . But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein.”

(Z) LASTLY: The cost of college (already high) get much higher when original loan principal is doubled or tripled due to excessive “interests & fees”: This is forbidden usury (excessive interest) “Charge him no interest or [portion of] increase, but fear your God, so your brother may [continue to] live along with you.” – Leviticus 25:36 and: “7 I thought it over and then rebuked the nobles and officials. I told them, You are exacting interest from your own kinsmen. And I held a great assembly against them. 10 I, my brethren, and my servants are lending them money and grain. Let us stop this forbidden interest! 32b ...we shall not buy it on the Sabbath or on a holy day; and we shall forego raising crops the seventh year [letting the land lie fallow] and the compulsory payment of every debt.” – Nehemiah 5:7; 5:10; 10:32b, Old Testament standards, which are STILL in effect: MATTHEW 5:17 the following: “Think not that I am come to destroy the law, or the prophets: I am not come to destroy, but to fulfil.” See also: “In you they have accepted bribes to shed blood; you have taken [forbidden] interest and [percentage of] increase, and you have greedily gained from your neighbors by oppression and extortion and have forgotten Me, says the Lord God.” Ezekiel 22:12 (Holy Bible, AMP) Note: Forbidden interest (usury, excessive interest) is placed alongside murder & bloodshed, hello!?!.. “Not good.”

The excessive (prohibited) Usury is not unlike how Jesus condemned the abuses of the “money changers”:

13 When it was almost time for the Jewish Passover, Jesus went up to Jerusalem. 14 In the temple courts he found people selling cattle, sheep and doves, and others sitting at tables exchanging money. 15 So he made a whip out of cords, and drove all from the temple courts, both sheep and cattle; he scattered the coins of the money changers and overturned their tables. 16 To those who sold doves he said, “Get these out of here! Stop turning my Father’s house into a market!” 17 His disciples remembered that it is written: “Zeal for your house will consume me.”[a] – JOHN 2:13-17, Holy Bible, NIV {Footnotes: [a.]John 2:17, Psalm 69:9}

15 On reaching Jerusalem, Jesus entered the temple courts and began driving out those who were buying and selling there. He overturned the tables of the money changers and the benches of those selling doves, 16 and would not allow anyone to carry merchandise through the temple courts. 17 And as he taught them, he said, “Is it not written: ‘My house will be called a house of prayer for all nations’[a]? But you have made it ‘a den of robbers.’[b]” MARK 11:15-17, Holy Bible, NIV {Footnotes: [a.]Mark 11:17, Isaiah 56:7 [b.]Mark 11:17, Jer. 7:11}

Both the [Catholic](#) and [Baptist](#) churches condoned slavery, so it's no surprise that they're silent on “debt slavery,” which college students encounter in modern times, but Lawmakers of both parties (including the GOP, my party, many of whom claim to be “Christian” like myself) should forsake their sin and renounce all forms of slavery:

“For many centuries the [Catholic] Church was part of a slave-holding society. The popes themselves held slaves, including at times hundreds of Muslim captives to man their galleys.” Source: “A Church That Can and Cannot Change: The Development of Catholic Moral Teaching,” by John T. Noonan, Jr., as cited in “DEVELOPMENT OR REVERSAL?,” *FirstThings*, by Avery Cardinal Dulles, October 2005, University of Notre Dame Press, 280 pp., LINK: <https://www.FirstThings.com/article/2005/10/development-or-reversal>
“The first and oldest educational institution of the Southern Baptist Convention disclosed in a report Wednesday that its four founders together owned more than 50 slaves, part of a reckoning over racism in the nation’s largest Protestant denomination. [] The [71-page report](#) released by the Southern Baptist Theological Seminary is a recitation of decades of bigotry, directed first at African slaves and later at African-Americans.” Source: “Oldest Institution of Southern Baptist Convention Reveals Past Ties to Slavery,” by Adeel Hassan, *The New York Times*, December 12, 2018, LINK: <https://www.NyTimes.com/2018/12/12/us/southern-baptist-slavery.html>

CONCLUSION: We won't forever and always have a chance to do that which is right in the sight of the Lord – perhaps we were put here “for such a time as this”: Looking at Esther 4, from the Old Testament Bible (accepted by Jews & Christians alike) → New International Version (NIV) → Esther 4:9:15a →

“9 Hathak went back and reported to Esther what Mordecai had said. 10 Then she instructed him to say to Mordecai, 11 “All the king’s officials and the people of the royal provinces know that for any man or woman who approaches the king in the inner court without being summoned the king has but one law: that they be put to death unless the king extends the gold scepter to them and spares their lives. But thirty days have passed since I was called to go to the king.” 12 When Esther’s words were reported to Mordecai, 13 he sent back this answer: “Do not think that because you are in the king’s house you alone of all the Jews will escape. 14 For if you remain silent at this time, relief and deliverance for the Jews will arise from another place, but you and your father’s family will perish. And who knows but that you have come to your royal position for such a time as this?” 15 Then Esther sent this reply...”

CONCLUSION: Just like when your heart is getting operated on, and the doctor MUST address both “input” and “output” of blood to keep you alive, American Higher Ed WON'T work if we refuse to address both excessive taxation (tuition) and excess spending (of tax dollars), which necessitates Rep. Spano – at the VERY LEAST – push both bills into law. (Even that won't be enough, so compromise is out of the question: If you're a Christian like me, read the book of Revelation, the last book in the Bible, about being “lukewarm” and compromising.)

“There is a way which seemeth right unto a man, but the end thereof are the ways of death.” (PROVERBS 14:12; Cf: Proverbs 16:25 Holy Bible, KJV) [**Translation:** It only 'seems' right to continue to deprive students of bankruptcy rights, but this method has only allowed student debt—and U.S. Debt—to continue to climb, instead of restoring bankruptcy defense, which would discourage

irresponsible, excess predatory lending, skyrocketing tuition, and resultant excess National Debt—which WILL crash the Dollar as the next big bubble, if not put in check—with bankruptcy as a Free Market check on this madness.]

13 Do not have two differing weights in your bag—one heavy, one light. 14 Do not have two differing measures in your house—one large, one small. 15 You must have accurate and honest weights and measures, so that you may live long in the land the Lord your God is giving you. 16 For the Lord your God detests anyone who does these things, anyone who deals dishonestly. **(DEUTERONOMY 25:13-16, Holy Bible, NIV)** **EDITOR'S NOTE:** Two differing bankruptcy standards—which violates the Constitution's UNIFORMITY clause!

35 Ye shall do no unrighteousness in judgment, in meteyard, in weight, or in measure. 36 Just balances, just weights, a just ephah, and a just hin, shall ye have: I am the Lord your God, which brought you out of the land of Egypt. **(LEVITICUS 19:34-35, Holy Bible, KJV)**

A false balance is abomination to the Lord: but a just weight is his delight. **(Proverbs 11:1, Holy Bible, KJV)**

9 “This is what the Sovereign Lord says: You have gone far enough, princes of Israel! Give up your violence and oppression and do what is just and right. Stop dispossessing my people, declares the Sovereign Lord. 10 You are to use accurate scales, an accurate ephah and an accurate bath. **(EZEKIEL 45:9-10, Holy Bible, NIV)**

“Do not pervert justice; do not show partiality to the poor or favoritism to the great, but judge your neighbor fairly. **Leviticus 19:15, NIV**

“Do not deny justice to your poor people in their lawsuits.” **(Exodus 23:6, Holy Bible, NIV)**

“You shall do no injustice in court. You shall not be partial to the poor or defer to the great, but in righteousness shall you judge your neighbor. **(LEVITICUS 19:15, Holy Bible, ESV)**

If thou seest the oppression of the poor, and violent perverting of judgment and justice in a province, marvel not at the matter: for he that is higher than the highest regardeth; and there be higher than they. **(Ecclesiastes 5:8, Holy Bible, KJV)**

4 Hear this, O ye that swallow up the needy, even to make the poor of the land to fail, 5 Saying, When will the new moon be gone, that we may sell corn? and the sabbath, that we may set forth wheat, making the ephah small, and the shekel great, and falsifying the balances by deceit? 6 That we may buy the poor for silver, and the needy for a pair of shoes; yea, and sell the refuse of the wheat? **(AMOS 4:4-6, Holy Bible, KJV)**

10 Am I still to forget your ill-gotten treasures, you wicked house, and the short ephah, which is accursed? 11 Shall I acquit someone with dishonest scales, with a bag of false weights? 12 Your rich people are violent; your inhabitants are liars and their tongues speak deceitfully. **(MICAH 6:10-12, Holy Bible, NIV)**

Did you know that the proverb, above, appears TWICE in the Judeo-Christian Old Testament Bible, with only 1 word changed? Yes, and if GOD felt it “bears repeating, so do I; It appears on both Prov. 14:12 and Prov. 16:25. Observe:

“There is a way that seemeth right unto a man, but the end thereof are the ways of death.” PROVERBS 16:25 (Holy Bible, KJV)

Hear God. BELIEVE God. – >> Obey God. “In God We Trust” ?? “One Nation Under God” ?? **So help me God!**

The Register is Conservative, and we support [H.Res.675 \[116th Congress \(2019-2020\)\]](#), a Resolution expressing the view that Student Loan Forgiveness (or "Free College") are antithetical to American foundational values of self-responsibility & opportunity. HOWEVER, if Lawmakers could [pass \(263-171 in the House\) the "Mortgage Bailout" \(aka: "Emergency Economic Stabilization Act of 2008"\)](#) outright giving a "Liberal Free (Corporate) Handout" [of Seven-Hundred Billion \(\\$700,000,000.00\) Dollars](#) (*not counting another \$250 Billion and \$350 Billion in Sec.115*) to companies who made bad decisions, and still have a "Bankruptcy Safety Net," the least they could do is return said safety net to student 'loans'. LIBERAL Lawmakers need to offer relief for taxes dressed up as loans to Student Loan Borrowers, and besides this tax-cut for the middle-class, they need to enact the spending cuts that Trump requested, which would drive down student debt and costs of college, as unlimited subsidies stopped "propping up" a Higher Ed Bubble (which looms larger than the 2008 Housing Bubble, as it lacks Bankruptcy as a Free Market check on excessive taxing/spending).

If we don't obey God, we WILL get a cursed economy. Proof is the current apathy by lawmakers hasn't fixed the problem. (Prior methods worked well –both existence of Constitutional Bankruptcy Equality, as well as refusals to give “student aid” loans to college students on the tax dollar: This WASN'T student aid: It HURT students (higher tuition, when colleges saw students had deep pockets loans) and HURT taxpayers (we will crash the dollar, lose the Senate, & then be unable to enact our GOP agenda, and lose the country, all because we were rebelliously sinful & insisted on committing the “Sin of Rehoboam,” refusing to lighten the load just a little). If we DON'T enact both bills (bankruptcy & spending cuts), we WILL crash the dollar (resulting in the total forgiveness of all loans, since the dollar will have crashed). If we DO enact these bills, we might avert disaster.

Gordon Wayne Watts



For further
information:

DOUBLE Trouble



*Students AND Taxpayers hurt!
by GREEDY banks & colleges!*

* "A Polk Perspective: Fix our bankrupt policy on student debt," By Gordon Wayne Watts, Guest columnist, *The Ledger*, August 04, 2016, LINK: <https://www.TheLedger.com/opinion/20160804/a-polk-perspective-fix-our-bankrupt-policy-on-student-debt> FAIR USE CACHE #1: <https://GordonWatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Thr04Aug2016.pdf> FAIR USE CACHE #2: <https://GordonWAYNEwatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Thr04Aug2016.pdf>

* "Polk Perspective: Rescue taxpayers from mounting student debt," By Gordon Wayne Watts, Guest columnist, *The Ledger*, November 16, 2018, LINK: <https://www.TheLedger.com/opinion/20181116/polk-perspective-rescue-taxpayers-from-mounting-student-debt> FAIR USE CACHE #1: <https://GordonWatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Fri16Nov2018.pdf> FAIR USE CACHE #2: <https://GordonWAYNEwatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Fri16Nov2018.pdf>

* "Polk Perspective: Offer relief for taxes dressed up as 'loans'," By Gordon Wayne Watts, Guest columnist, *The Ledger*, November 19, 2019, LINK: <https://TheLedger.com/opinion/20191119/polk-perspective-offer-relief-for-taxes-dressed-up-as-loans> FAIR USE CACHE #1: <https://GordonWatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Tue19Nov2019.pdf> FAIR USE CACHE #2: <https://GordonWAYNEwatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Tue19Nov2019.pdf>

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You wouldn't like me when I'm angry...

**Because I always back up my rage with facts
and documented sources." – The Credible Hulk**



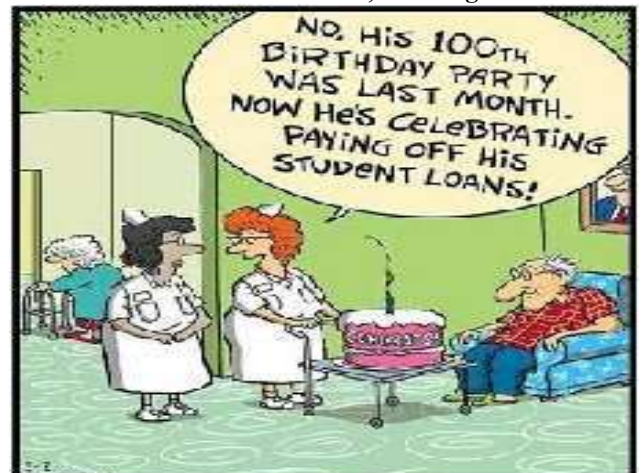
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"No, His 100TH birthday was last month. Now, he's celebrating paying off his Student Loans!"

BONUS page of hard science – research... things to consider:

** “Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.” (Abstract paragraph) Source: “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” by Martin Gilens and Benjamin I. Page, *Perspectives on Politics*, Volume 12, Issue 3, pp. 564–581, September 2014, © *American Political Science Association 2014*, republished with attribution and used under “Fair Use” legal standards, for scholarly criticism & commentary purposes,

DOI:10.1017/S1537592714001595, LINK: <https://doi.org/10.1017/S1537592714001595>

LINK: https://Scholar.Princeton.edu/sites/default/files/mgilens/files/gilens_and_page_2014_-_testing_theories_of_american_politics.doc.pdf

LINK: <https://www.Cambridge.org/core/journals/perspectives-on-politics/article/testing-theories-of-american-politics-elites-interest-groups-and-average-citizens/62327F513959D0A304D4893B382B992B>

LINK: <https://www.Scholars.Northwestern.edu/en/publications/testing-theories-of-american-politics-elites-interest-groups-and->

(More detailed quotes from above paper) >> “In any case, the imprecision that results from use of our “affluent” proxy is likely to produce underestimates of the impact of economic elites on policy making. If we find substantial effects upon policy even when using this imperfect measure [top ten percent earners], therefore, it will be reasonable to infer that the impact upon policy of truly wealthy citizens [top 2%] is still greater.” p.569, par. 2 *[[Editor's note: In an ideal democracy, all citizens should have equal influence on government policy--but as this research paper demonstrates, America's policymakers respond almost exclusively to the preferences of the economically advantaged.]]*

Point: While rich & middle-class agree on many things, when they disagree, the rich win more often, and the “super rich” win even more—almost ALL the time: “As noted, our evidence does not indicate that in U.S. policy making the average citizen always loses out. Since the preferences of ordinary citizens tend to be positively correlated with the preferences of economic elites, ordinary citizens often win the policies they want, even if they are more or less coincidental beneficiaries rather than causes of the victory.” pp.572–573

“We report on an effort to do so, using a unique data set that includes measures of the key variables for 1,779 policy issues. [] Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.” Abstract paragraph

“Further, the issues about which economic elites and ordinary citizens disagree reflect important matters, including many aspects of trade restrictions, tax policy, corporate regulation, abortion, and school prayer, so that the resulting political losses by ordinary citizens are not trivial. Moreover, we must remember that in our analyses the preferences of the affluent are serving as proxies for those of truly wealthy Americans, who may well have more political clout than the affluent, and who tend to have policy preferences that differ more markedly from those of the average citizens. Thus even rather slight measured differences between preferences of the affluent and the median citizen may signal situations in which economic-elites want something quite different from most Americans and they generally get their way.” p.573

“Thus when popular majorities favor the status quo, opposing a given policy change, they are likely to get their way; but when a majority—even a very large majority—of the public favors change, it is not likely to get what it wants. In our 1,779 policy cases, narrow pro-change majorities of the public got the policy changes they wanted only about 30 percent of the time. More strikingly, even overwhelmingly large pro-change majorities, with 80 percent of the public favoring a policy change, got that change only about 43 percent of the time. [] In any case, normative advocates of populist democracy may not be enthusiastic about democracy by coincidence, in which ordinary citizens get what they want from government only when they happen to agree with elites or interest groups that are really calling the shots. When push comes to shove, actual influence matters.” p.573

“Organized Interest Groups

Our findings of substantial influence by interest groups is particularly striking because little or no previous research has been able to estimate the extent of group influence while controlling for the preferences of other key nongovernmental actors. Our evidence clearly indicates that—controlling for the influence of both the average citizen and economic elites—organized interest groups have a very substantial independent impact upon public policy...[] Here, too, the imperfections of our measure of interest-group alignment (though probably less severe than in the case of economically-elite individuals) suggest, *a fortiori*, that the actual influence of organized groups may be even greater than we have found.” p.574

“When the preferences of economic elites and the stands of organized interest groups are controlled for, the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy.” p.575

“What do our findings say about democracy in America? They certainly constitute troubling news for advocates of “populistic” democracy, who want governments to respond primarily or exclusively to the policy preferences of their citizens. In the United States, our findings indicate, the majority does not rule—at least not in the causal sense of actually determining policy outcomes. When a majority of citizens disagrees with economic elites or with organized interests, they generally lose. Moreover, because of the strong status quo bias built into the U.S. political system, even when fairly large majorities of Americans favor policy change, they generally do not get it. [] A possible objection to populistic democracy is that average citizens are inattentive to politics and ignorant about public policy; why should we worry if their poorly-informed preferences do not influence policy making? Perhaps economic elites and interest-group leaders enjoy greater policy expertise than the average citizen does. Perhaps they know better which policies will benefit everyone, and perhaps they seek the common good, rather than selfish ends, when deciding which policies to support. [] But we tend to doubt it. We believe instead that—collectively—ordinary citizens generally know their own values and interests pretty well, and that their expressed policy preferences are worthy of respect.” p.576

“ACTUAL transcript of a US naval ship with Canadian authorities off the coast of Newfoundland in October, 1995. This radio conversation was released by the Chief of Naval Operations on 10-10-95.” *Actually not an actual transcript, but it is so titled: Urban legend, but a parable of modern times: Read on...*

Americans: “Please divert your course 15 degrees to the North to avoid a collision.”

Canadians: “Recommend you divert YOUR course 15 degrees to the South to avoid a collision.”

Americans: “This is the captain of a US Navy ship. I say again, divert YOUR course.”

Canadians: “No, I say again, you divert YOUR course.”

Americans: “THIS IS THE AIRCRAFT CARRIER USS ABRAHAM LINCOLN, THE SECOND LARGEST SHIP IN THE UNITED STATES’ ATLANTIC FLEET. WE ARE ACCOMPANIED BY THREE DESTROYERS, THREE CRUISERS AND NUMEROUS SUPPORT VESSELS. I DEMAND THAT YOU CHANGE YOUR COURSE 15 DEGREES NORTH. THAT’S ONE-FIVE DEGREES NORTH, OR COUNTER MEASURES WILL BE UNDERTAKEN TO ENSURE THE SAFETY OF THIS SHIP.”

Canadians: “This is a lighthouse. Your call.”

[[Gordon asks: Are U.S. Lawmakers NOT like the American battleship?]]

Source: www.Snopes.com/fact-check/the-obstinate-lighthouse

TRANSLATION: → The U.S.A TITANIC is heading STRAIGHT for the icebergs of Liberal Over-Spending using out Taxpayer Dollar\$\$ to make/guarantee Student Loans – which comprise almost TEN (10%) PERCENT of our National U.S. Debt: almost \$2 Trillion ÷ **divided by** ÷ slightly more than \$20 Trillion – you do the math: Worse yet, since the “student loan limits” aren't lowered (or eliminated), as President Trump has requested, colleges keep RAISING tuition to match increased borrowing abilities, and thus this “student aid” HURTS students (tuition inflation) AND taxpayers (who foot the bill) and help ONLY the rich, Liberal College/Bank Mega-Plex. GOP LAWMAKERS: Please grant President Trump's request here, already—now that we face a COVID-19 Coronavirus National Emergency—funding is even MORE-SO needed – “Just Do It!” – R.I.N.O. GOP Lawmakers (and ALL lawmakers), please grant Pres. Trump's request, now! →

“President Trump released a 10-point plan to reform the Higher Education Act, which is the primary legislation that governs higher education...Among others, his goals include: [] reduce the cost of higher education;...The administration calls for limits on federal student loan borrowing and more guidance for borrowers on how likely they are to repay student loans...**Potential Rationale:** Curb the rise of college tuition. Limit the rise in student loan debt. [] **Potential Impact:** Lower education costs can mean less student loan borrowing.” **SOURCE: “Trump Proposes Limits On Student Loan Borrowing,” By Zack Friedman, FORBES, Tue. March 19, 2019, LINK: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans>**

Conclusion — THE MOST IMPORTANT THING:

With a title like that, I'd better deliver, so here it is... While not *all* my readers are Christians like me, many are, and I speak to you:

We, as Christians, realise and recognise that the most 'important' thing is our relationship with Jesus, as Saviour (John 3:16) and that Jesus is the ONLY way to The Father (John 14:6), and even further, that Jesus' salvation is COMPLETE: **HE BEAT DEATH:** "14 Since the children [that's us] have flesh and blood, he [Jesus] too shared in their [our] humanity so that by his death he might break the power of him who holds the power of death—that is, the devil— 15 and free those who all their lives were held in slavery by their fear of death." (Hebrews 2:14-15, see vv.10-18 for context)

But besides making a "withdrawal" from Heaven's Courts (salvation!), God has blessed us, and expects us to make "deposits", e.g., contributions (*i.e.*, we don't get saved by works—rather, we do works because we're saved).

Along those lines, Jesus is our example and role model in living (John 13:15), in suffering (I Peter 2:21), and in faith in our salvation (Hebrews 2:10-18), and expects us to treat others as WE would want to be treated: The Golden Rule (Leviticus 19:18b, Leviticus 19:34, Matthew 22:39b, Mark 12:31b, Luke 6:31, etc.). When recently speaking with my own Congressman, Hon. Ross Spano (R-FL-15), who is also a Christian, I 'big-time' apologized for leaving out this standard when discussing Student Debt, Student Bankruptcy, & other related matters. By that, I meant that that we, as Christians, can't claim to be faithful to Sovereign King Jesus if we fight "tooth and nail" to retain/keep the bankruptcy discharge rights for, say, Donald Trump—who got bankruptcy discharge for millions, repeatedly, *or*, say, for the numerous Credit Card users—and businesses, who often *also* get bailouts, handouts, stimuli (stimuluses) on our taxpayer dollar—and then *STILL* have Bankruptcy Discharge available—but fight "tooth and nail" equally hard to RESIST affording Bankruptcy Equality/Availability (not necessary forgiveness/discharge, just equality) to college student borrowers (as S.1414 & H.R.2648 would achieve). <<**We disobey King Jesus in this regard, if we continue this path.** (My congressman was kind enough to accept my apology for overlooking that, & promised to try & schedule a meeting with me, as a constituent, to hear my views, which speaks volumes to his character and integrity, to be willing to listen.) However, I overlooked probably the MOST IMPORTANT SECTION OF JESUS' TEACHINGS (aside, of course, from the matter of Salvation), and so I update my statement to amend my complaint—not just a complaint, *but I propose a solution: H.R.2648!*

Luke 16:1-12 (Holy Bible, NIV, small quote via under "Fair Use"), words of Our Lord in Red; footnotes are inline:

The Parable of the Shrewd Manager

1 Jesus told his disciples: "There was a rich man whose manager was accused of wasting his possessions. **2** So he called him in and asked him, 'What is this I hear about you? Give an account of your management, because you cannot be manager any longer.' **3** "The manager said to himself, 'What shall I do now? My master is taking away my job. I'm not strong enough to dig, and I'm ashamed to beg— **4** I know what I'll do so that, when I lose my job here, people will welcome me into their houses.' **5** "So he called in each one of his master's debtors. He asked the first, 'How much do you owe my master?' **6** "'Nine hundred gallons[a: "Or about 3,000 liters"] of olive oil,' he replied. "The manager told him, 'Take your bill, sit down quickly, and make it four hundred and fifty.' **7** "Then he asked the second, 'And how much do you owe?' "'A thousand bushels[b: Or about 30 tons] of wheat,' he replied. "He told him, 'Take your bill and make it eight hundred.' **8** "The master commended the dishonest manager because he had acted shrewdly. For the people of this world are more shrewd in dealing with their own kind than are the people of the light. **9** I tell you, use worldly wealth to gain friends for yourselves, so that when it is gone, you will be welcomed into eternal dwellings. **10** "Whoever can be trusted with very little can also be trusted with much, and whoever is dishonest with very little will also be dishonest with much. **11** So if you have not been trustworthy in handling worldly wealth, who will trust you with true riches? **12** And if you have not been trustworthy with someone else's property, who will give you property of your own?"

CONCLUSION: My point? Past discussions used the U.S. Constitution's "Uniformity Clause" (Art.1, Sec.8, Cl.4) to make the case for equal treatment (effectively, saying the same thing as the golden rule, and a special type of Equal Protection), but here, Jesus' parable should be clear: Our lawmakers, who are Christian, should heed Jesus, and use evil money for good purposes—not necessarily "Free College" or total "Loan Forgiveness" (which would possibly be *too* extreme a Liberal Free Handout), but rather, we must remember that we will eventually face Jesus (*and* those whom we have helped or harmed—see *above!*), and we need to use the "evil mammon" (money) to make friends (obey Jesus) while we have an opportunity. Even those of us who live to be 100 or 110 should remember that this is not a long time, and we must work while it's day, because it won't always be day. **So—if the parable isn't saying to enact H.R.2648, then what is it saying? Please, answer me here.**

My proposed solution to enact both the Trump spending cuts request (see above) and this moderate measure (H.R.2648, the student loan bankruptcy bill) would cure not only Economic Problems (using market pressures to put a CHECK on predatory lending, excess spending, etc.), but also Spiritual problems (ask Jesus when you pray about this). In other words, this is the "Tylenol" and "Aspirin" for America's Economy "headache," but I solemnly charge readers to remember one thing: The headache medicine (H.R.2648 and the Trump spending cuts) do NO good when the patient (economy) is dead. Tarry not! << "Just Do It" – For President Trump—for Sovereign King Jesus.

19,195 views | Mar 19, 2012, 06:43am

Why College Prices Keep Rising



Peter J Reilly Contributor ⓘ

Taxes

I focus on the tax issues of individuals, businesses & more

Alan Collinge, is back with another guest post on the student loan crisis. This one is on the forces that conspire to keep the problem getting worse.

For many years, it has been unknown to the general public that all of the major elements comprising the student lending system (i.e. lenders, collection companies, guarantors) made far more money when students defaulted on their loans. Nevertheless, this is a fact, and it is well documented. It is most disturbing, however, that recent analysis of the President's Budget data reveals that even the US Department of [Education](#), on average, recovers \$1.22 for every dollar paid out in default claims. Assuming generous collection costs, and even allowing for a nominal time value of money of a few percent (the governments cost of money is very low), it still appears that the federal government, even, is making a pretty penny from defaults.

How could this be possible? The primary reason for this is that unlike all other types of debt, bankruptcy protections, statutes of limitations, and other standard consumer protections have been removed from federal student loans, and draconian collection powers have been given to collect on hugely inflated, defaulted student loan debt.

The systemic consequences of these types of financial motivations are too numerous to describe here, but one very significant result is that during the legislative process, when the schools, lenders, and their lobbyists pressure Congress to raise the allowable loan limits, the Department of Education-one of the only entities available to act in the interest of the students and call for a freezing (or even a reduction in the lending limits)- has repeatedly failed to tell it

like it is regarding defaults. The schools and lenders point and brag about the low "cohort" default rates, but this metric (which hit a low of about 4% in 2005) masks the true default rate, which we now know was likely 25% or higher for years, and today is likely significantly higher than that.

Instead of voicing concern, or even objections to Congress in the lending limit debates, the Department of Education remained largely silent, despite their knowledge about the true default rate for years, and in fact, press releases about the default rate spanning years from the Department of Education speak exclusively of the cohort rate, and this continues to this day, by and large, although media have shed some light on the true default rate in recent years.

This, again, is a key failure in oversight that effectively causes Congress to make decisions without the interests of the borrowers being represented (Of course the lenders and schools claim to have the interests of the students at heart, but their obvious financial motivations discount their credibility on this claim). Therefore, Congress continues to rubber-stamp these legislative efforts, and the schools quickly raise their tuition to bump up against the new lending ceilings.

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If the Department of Education were seeing a material, financial loss with loan defaults, they likely would be far more assertive about the reasons NOT to raise the loan limits...and this would provide a critical check on the process. But the Department has been largely absent from these debates, and its misaligned interest is certainly the reason why.

So it must be agreed that lack of Department oversight contributes directly to repeated votes by Congress to raise the loan limits, and we've already established the link between this poor oversight, and the removal of consumer protections. So undoubtedly, the removal of standard consumer protections has effectively allowed the schools and lenders to have their way with Congress on this issue.

Critics could argue that the established student advocacy groups should have stepped in to fill this role...and this is obviously true...but the advocates can claim that they did not know that defaults were as high as they were (recent evidence suggests that the true default rate exceeds 1 in 3), therefore any objections from them (assuming they did object) were not strong. Had they known that defaults were as high as they were, one can only assume that they would have objected far more forcefully, starting many years ago.

The current debate surrounding the cause of tuition inflation is a confusing mix of rhetoric that typically involves fingers pointing in all directions..."like a scarecrow in the wind" ...among lenders, schools, the Department of Education, the student advocates, and Congress. But of these five entities, four were behaving as expected (i.e. schools pushing for raising the limits, advocates wringing their hands in the absence of defensible proof that things were going awry, lenders playing their part as the selfish, amoral entities they are understood to be, Congress debating what they are told, and ultimately voting based upon this debate).

The Department of Education, however, failed to fulfill its role, and did not disclose to the group the true magnitude of the default problem, as one would expect it to. Therefore the Department is clearly the party whose behavior can ultimately be questioned with strong justification. Of course citizens have every right to be seethingly resentful and angered by all of these actors failing to point out what was obvious...that the students were being saddled with outrageous increases in student loan debt (I believe the advocates bear a tremendous amount of responsibility, for example), but strictly speaking, the Department's failure is the only one with zero defense.

This is a critical, unambiguous link that is never pointed out, but which is key- the key- to explaining the rampant inflation we have seen in academia over the years. Congress and the president should be demanding to know why key personnel at the Department so badly neglected to fulfill their duties, and take a hard, hard look at the corporate culture that has enabled this sort of gross neglect of basic functions. And of course, the standard consumer protections that should

have never been removed from student loans must be returned at the earliest possible opportunity.

Alan Collinge is founder of StudentLoanJustice.Org , and author of The Student Loan Scam: The Most Oppressive Debt in U.S. History – and How We Can Fight Back.

You can follow me on twitter @peterreillycpa.

POSTSCRIPT

A commenter has provided a [handy graphic explanation](#) of the system. Be sure to check it out.



Click to enlarge



Peter J Reilly Contributor

I have been a CPA for over 30 years focusing on taxation. I have extensive experience with partnerships, real estate and high net worth individuals. My ideology can be summarized at least metaphorically by this quote: "I have a total irreverence for anything connected with society except that which makes the roads safer, the beer stronger, the food cheaper and the old men and old women warmer in the winter and happier in the summer." - Brendan Behan Nobody I work for has any responsibility for what goes into this blog and you should make no inference that they approve of it or even have read it. **Read Less**

Flow-chart to illustrate the points made by Alan Collinge in his essay: "Why College Prices Keep Rising"

LACK of Standard Consumer Protections for 'Student Loans'



PLUS: Draconian 'Mobster-like' wage-garnishment Collection Powers for ALL Federal 'Student Loans'



(And unreal late fees, which -with Interest -compounded on the principal)

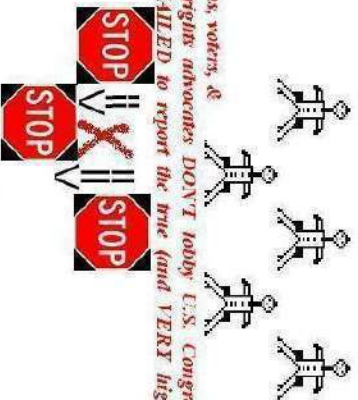
U.S. Department of EDUCATION makes about \$1.22 for every defaulted Student Loans



(Plus: Private lenders make even more)

\$\$\$ \$\$\$\$ \$\$\$\$\$\$

(Citizens, voters, & Students' rights advocates DON'T lobby U.S. Congress because the U.S. Dept of Education F-ILED to report the true (and VERY high) Student Loan default rates)

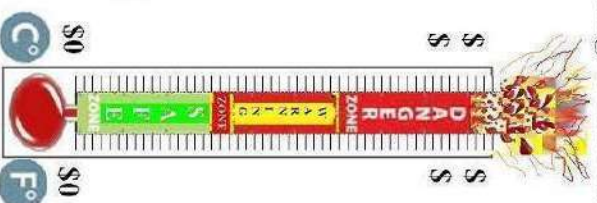


Incentive to support allowing (or lobbying for) U.S. Congress: (via Campaign CONTRIBUTIONS) to keep raising the 'Loan Limits' for Student Loans, to maintain (or increase) the profit made when Student Loans DEFAULT



END Result:

AMERICAN College Tuition Inflation



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COMMUNITY VIEWPOINT: STUDENT DEBT

A Polk Perspective: Fix our bankrupt policy on student debt



- AP Photo/Jacquelyn Martin

By Gordon Wayne Watts / Guest columnist

Thursday

Posted Aug 4, 2016 at 12:01 AM



In May 2014 U.S. Rep. Dennis Ross told those listening to a “teletown” hall meeting that if college students can’t repay their loans from a private bank, we should “go back” to our prior laws and allow them to declare bankruptcy.

“If a student does file for bankruptcy [under current laws], they can have all other debt discharged — but their student loans. So, we’re not really doing a good service ... by making them over-indebted for their education,” Ross said at the time.

Ross breaks ranks with the typical GOP opinion with this candid admission. For example, HR 1674, the Private Student Loan Bankruptcy Fairness Act of 2015, a bill introduced in March 2015 by Rep. Steve Cohen, D-Tenn., that would allow bankruptcy proceedings for student loans has 40 co-sponsors, all Democrats.

Typically, most or all cosponsors of such bills are Democrats. But both parties are reluctant to allow bankruptcy discharge for college loans as regularly happens with credit card users, banks, or the über-rich.

Although Ross made these statements two years ago, he has yet to introduce bills offering relief to suffering students. This is troubling because Ross claims to support such an idea, yet hasn't acted on his belief. He acknowledges that college loans deserve bankruptcy, but has yet to introduce or cosponsor such legislation.

Does he only represent the rich?

Not only would bankruptcy — and other standard consumer protections, like truth in lending, refinancing and statutes of limitations — help struggling college borrowers, they would scare off lenders, resulting in sharp declines in tuition.

Actually, making college loans equal to credit card loans would extend to them all standard consumer protections.

Ross should cosponsor bills like HR 449, the Discharge Student Loans in Bankruptcy Act of 2015, which, surprisingly, has bipartisan support, and which would allow borrowers to discharge private loans as well as those from nonprofits and government.

Then, Congress should pass a bill reversing the obscene increases in college loan limits as allowable by the College Access and Opportunity Act of 2005, a bill introduced by former Speaker John Boehner, which was the cause of this crippling and massive college debt, and benefited only the banks and universities.

When colleges and universities knew students could take out “deep pockets” loans, they jacked up tuition in response to the additional money available, thereby fueling tuition inflation and proving former Education Secretary Bill Bennett's hypothesis: When you subsidize anything, price goes up.

At the teletown hall meeting, Ross also said that we needed to “get the government out of the business of loaning the money because we're loaning taxpayer dollars.”

However, he has yet to introduce a bill that does this.

So, please end all higher education loans.

American colleges in the 1950s and '60s were the best in the world without the need for loans. We can do without loans today.

Many experts, such as former Congressman Ron Paul and Bennett, agree that we shouldn't even have college loans in the first place. When universities see subsidies, they increase tuition simply to pay for big-dollar salaries.

This costs students skyrocketing tuition and taxpayers, who back these loans.

For those who think I'm asking for a liberal, free handout, remember college used to be free in America, and

currently is free in many technologically advanced countries, including Germany. Indeed, liberals have a strong argument for free college, since an uneducated, debt-burdened populace threatens our national security.

So, if a strong argument exists for free college, how much more indefensible is it to deny the modest reforms I've suggested?

Students are told from their youth that they need an education to compete in today's world. Let's not punish them forever for doing what is right.

So, I ask Congressman Ross to introduce legislation that represents the 99 percent, not the rich 1 percent — legislation that simply makes college loans “equal” in all respects to credit card loans.

Once that is done, end this wicked college loan system. We never needed it in the past, and we need to end this new form of debt slavery. Slavery was wrong in the past, and it's wrong now. It must stop.

Gordon Wayne Watts (contact him at GordonWatts.com or GordonWayneWatts.com) is a Lakeland resident and a former candidate for the Florida House of Representatives.

N KHAN

Two Jima



11 years ago, Khizr Khan, a lawyer by training, took his sons to the Jefferson Memorial, where they were instructed to read the inscriptions about swearing resistance against tyranny over the minds of men.

The middle son, Humayun, perhaps inspired, went to the school Thomas Jefferson founded, the University of Virginia, where he joined the ROTC. After graduation, he became an Army officer who was sent to Iraq, where he gave his life protecting his troops. So when a grieving American father in Philadelphia rhetorically addressed Donald Trump with "Have you ever been to Arlington (National) Cemetery?" and told him to "go look at the graves of brave patriots who died defending (the) United States of America" — people of "all faiths, genders and ethnicities" — he had the moral standing to do so. He added to Trump, "You have sacrificed nothing — and no one."

Marine chaplain Roland Gittelsohn could not have said it better than Khan: "Hillary Clinton was right when she called my son 'the best of America.' If it was up to Donald Trump, he never would have been in America."

From Iwo Jima to Philadelphia in 71 years — it's a short trip.

— Mark Shields is a nationally syndicated columnist and longtime political analyst for PBS' "NewsHour." He writes for *Creators Syndicate*.

A POLK PERSPECTIVE: STUDENT DEBT

Fix our bankrupt policy

By Gordon Wayne Watts
Guest columnist

In May 2014 U.S. Rep. Dennis Ross told those listening to a "teletown" hall meeting that if college students can't repay their loans from a private bank, we should "go back" to our prior laws and allow them to declare bankruptcy.

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The Ledger

Opinion

Polk Perspective: Rescue taxpayers from mounting student debt



Signe Wilkinson, Philadelphia Daily News

By Gordon Wayne Watts / Guest columnist

Posted Nov 16, 2018 at 12:01 AM



On Aug. 4, 2016, The Ledger published my guest column on student debt, and not coincidentally, U.S. Rep. Dennis Ross, R-Lakeland, the subject of my column, introduced HR 6191, the “Student Loan Repayment Act of 2016,” on Sept. 27 that year.

What have we learned since then?

Apparently nothing.

First a caveat: While I'll continue my unrelenting political attack on Ross' liberal tax-and-spend policies, I'm not attacking him as a person, and condemn not only actual attacks, which we've seen of late, but even verbal insults. We can disagree without attacking the person.

HR 6191 was a small step in the right direction, but it was basically just an employer tax credit to help match funds for college debt, and optional at that. It never passed into law.

My prior column documented Ross' promise to not only support bankruptcy equality for collegiate loans, but also opposition for use of tax dollars to make or guarantee said loans. But he never introduced legislation for either. Where has that gotten us?

Collegiate debt, now almost \$2 trillion, is almost 10 percent of total U.S. debt. I predict we will crash the U.S. dollar if we ignore "crazy Gordon" one more time.

But it's worse than that.

While 10 percent may not seem like a lot — national defense and Social Security are about 60 percent of the budget — use of tax dollars to make or back collegiate debt can be eliminated totally, unlike defense and other programs, which can only be cut a tiny bit, for both political and actual reasons.

Indeed, back in the 1950s we used little or no tax dollars for college loans. They got credit cards, if they needed credit. Most didn't, since college was affordable in the first place.

Short of World War III, or a terrorist attack, the crash of the dollar is the worst disaster we face.

Our Founding Fathers, victims of British banks and merchants' predatory lending, included bankruptcy rights in the Constitution, ahead of the power to raise an army and even to declare war. Known as the "Uniformity Clause," it is a special type of equal protection. Said John Adams, "There are two ways to enslave and conquer a nation. One is by the sword. The other is by debt."

So, I call on Ross to introduce a bill to begin reversing the loan limit increases made by the "College Access and Opportunity Act of 2005," a bill by former House Speaker and RINO John Boehner.

This is why I call fellow Republicans "spending" liberals, as we spend tax dollars for something that we not only didn't need in the past, but which, actually, induces colleges to increase tuition to match increased borrowing abilities.

And the "tax" part? Well, tuition is technically a tax, as it's funding to an arm of government (state government colleges), and students are sorely overtaxed.

I also call on Ross to co-sponsor HR 2366, which would afford student loans the same bankruptcy protection as, say, credit cards, and also unsecured debt — President Donald Trump's businesses repeatedly got bankruptcy discharge for millions.

Does the Constitution, or fiscal conservatism, matter to Republicans anymore?

Ross used to be a fiscal conservative while in the Florida House. But it's documented that then-Speaker Marco Rubio punished Ross and one other representative for voting against the costly, and risky, reinsurance bill that made Citizens Property Insurance the largest property insurer in Florida.

Ross voted to get the tax dollar "off the hook" for this liberal tax-and-spend boondoggle, and was booted off a committee for it. Now that he's in Congress, he seems afraid to do the right thing.

I encourage him to do the right thing in the use of our tax dollars. If HR 2366 passes, taxpayers will not have to bail out students filing bankruptcy. In fact, bankruptcy, the "economic Second Amendment," would scare off lenders — resulting in decreases in loans, and lower tuition — and the sharp decline in collegiate loans would save taxpayers huge amounts, not counting the millions in interest we pay on these toxic, predatory and subprime collegiate loans.

Gordon Wayne Watts (contact him at GordonWatts.com or GordonWayneWatts.com) is a Lakeland resident and a former candidate for the Florida House of Representatives.

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Does the Constitution, or fiscal conservatism, matter to Republicans anymore?

Ross used to be a fiscal conservative while in the Florida House. But it's documented that then-Speaker Marco Rubio punished Ross and one other representative for voting against the costly, and risky, reinsurance bill that made Citizens Property Insurance the largest property insurer in Florida.

Ross voted to get the tax dollar "off the hook" for this liberal tax-and-spend boondoggle, and was booted off a committee for it. Now that he's in Congress, he seems afraid to do the right thing.

I encourage him to do the right thing in the use of our tax dollars. If HR 2366 passes, taxpayers will not have to bail out students filing bankruptcy. In fact, bankruptcy, the "economic Second Amendment," would scare off lenders — resulting in decreases in loans, and lower tuition — and the sharp decline in collegiate loans would save taxpayers huge amounts, not counting the millions in interest we pay on these toxic, predatory and sub-prime collegiate loans.

Gordon Wayne Watts (contact him at GordonWatts.com or GordonWayneWatts.com) is a Lakeland resident and a former candidate for the Florida House of Representatives.

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GARY VARVEL | INDIANAPOLIS STAR



Friday, November 16, 2018 A11



Gordon Watts <gww1210@gmail.com>

Meeting with Congressman Spano

Hilton, Naomi <Naomi.Hilton@mail.house.gov>
To: "gww1210@gmail.com" <gww1210@gmail.com>

Fri, Jul 12, 2019 at 9:59 AM

Good afternoon Mr. Watts,

I hope you are well. Congressman Spano would like to know if you'd like to sit down and meet with him for a few moments during one of his district work periods. He has availability in our Brandon office on July 30th at 1:30pm or August 1st at 9:00am, and he has availability in our Lakeland office on August 19th at 10:30am. Please let me know if any of these dates/times work on your end.

Thank you!

Naomi Hilton

Scheduler

Congressman Ross Spano, FL-15

224 Cannon HOB | Washington, DC 20515

Office: (202) 225-1252 | Fax: (202) 226-0585

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Polk Perspective: Offer relief for taxes dressed up as 'loans'



By **Gordon Wayne Watts** Guest columnist
Tuesday

Posted Nov 19, 2019 at 12:02 AM



On Nov. 16, 2018, The Ledger published my column decrying skyrocketing tuition and mounting student debt, paid for by our tax dollars.

Apparently, in response to my column, U.S. Secretary of Education Betsy DeVos, in her speech 11 days later, repeated my complaints that “collegiate debt, now almost \$2 trillion, is almost 10 percent of total U.S.

debt.” I quote her: “Today, FSA's [student debt] portfolio is nearly 10 percent of our nation's debt. Stop and absorb that for a moment. Ten percent of our total national debt.”

Apparently, this chain reaction even influenced the president to fall in line with conservative spending cuts: Forbes reported on March 19, 2019, that “Trump proposes limits on student loan borrowing.”

Despite even getting the president's attention, nothing has changed. Lawmakers didn't grant his request, and President Donald Trump, distracted by other issues, has dropped this. Based on that, I maintain my initial prediction of a crash of the dollar if lawmakers refuse to cut spending.

Enter Rep. Ross Spano. Against all odds, he invited me to a personal one-on-one meeting July 30, 2019, as he has with other constituents. In attendance were myself, Rep. Spano, and two senior staff, Blaine Gravitt and James Jacobs. We spoke for 30 minutes about unfinished business in higher education.

To be clear, I'm conservative and don't seek free college, loan forgiveness, or liberal free handouts. But tuition is technically a tax.

Funding to an arm of government (state colleges), and students are sorely overtaxed. To mitigate this, I proposed Rep. Spano cosponsor HR 2648, the “Student Borrower Bankruptcy Relief Act of 2019.”

This would fix current U.S. bankruptcy law, which violates the U.S. Constitution's Uniformity Clause, a special type of equal protection, affording a small amount of "tax reduction" via bankruptcy. Moreover, it would force banks to lower loan limits because students could declare bankruptcy, forcing colleges to lower tuition to affordable levels like it was in the past - a sensible compromise between the two extremes: current liberal overtaxation supported by RINO Republicans and Sen. Bernie Sanders's "free" college and loan forgiveness handouts.

Congressman Spano asked me if HR 2648 was "retroactive" (for past loans) or merely "prospective" (moving forward). When I told him the bill would make bankruptcy retroactive, he objected, complaining this wouldn't be fair to those who've paid off their loans.

However, what he didn't consider was the fact that changes in law which stripped my bankruptcy safety net acted "retroactively." Thus, to be fair, any correction must be retroactively too. The various changes in federal law stripping my existing student loans of bankruptcy also violated the Constitution's Contract Clause. Were this any other contract, it would immediately void the entire contract.

Sanders's claim that college was once free in America was rated "mostly true" by PolitiFact, because it was free in some places and very affordable elsewhere. So, if America had the best higher education in the world - and was free in the past - it's not unreasonable to enact the more modest legislation I request.

News outlets reported last month that DeVos was about to be arrested for violating a court order for the Education Department to stop collecting on student loans from 16,000 students who went to the defunct Corinthian College, whose fraud made students eligible for a special discharge.

DeVos is obviously to blame, but I believe lawmakers' refusal to enact the bills I request were partly to blame for her losing her mind. Therefore, I call upon Rep. Spano to pass both the loan limits bill (which Trump, DeVos and myself have repeatedly requested) as well as HR 2648, a responsible compromise to the liberal overtaxation ruining anyone who aspires to get an education and better themselves.

Over 44 million Americans have college debt, and another 30 to 40 million as cosigners or family, so changes are needed.

My proposals, unlike a minimum wage hike, aren't inflationary, and thus the preferred way to offer relief to the middle class.

Gordon Wayne Watts (contact him at GordonWatts.com or GordonWayneWatts.com) is a former candidate for the Florida House of Representatives. He lives in Lakeland.

Polk Perspective: Offer relief for taxes dressed up as 'loans'

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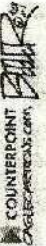
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Rep. Spano Announces Bipartisan Bills to Lower the Cost of Higher Education, reign in excessive Student Debt

Washington, Monday, April 13, 2020

Tags: [Congress](#) , [Education](#) , [Veterans](#)

Washington, D.C.—Today, Rep. Ross Spano (R-FL-15) joined Rep. Collin Peterson (D-MN-07), Rep. Jeff Van Drew (R-NJ-02), Rep. Justin Amash (Ind.-ME-03), Rep. John Katko (R-NY-24), Rep. Darren Soto (D-FL-09), Rep. Kathy Castor (D-FL-14), Rep. Greg Steube (R-FL-17), Rep. Al Lawson (D-FL-05), Sen. Angus King (Ind.-ME) and Sen. Joe Manchin (D-WV) – and Senators Rick Scott (R-FL) and Marco Rubio (R-FL) – to introduce **H.R.9876, the Higher Education Loan Limits Act of 2020**. *[Note: A fictitious bill, but one that needs to be filed: See my notes for a copy. Oh, I 'tagged' Veterans too, since this would help them, too—even if not specifically a 'Vets' bill. Also, I chose conservative Democrats & 2 Independents in my example of how "broad bi-partisan / tri-partisan" support might work.]*

This bipartisan bill would reign in out-of-control spending of tax dollars for college loans, and also force colleges to make tuition affordable, as it once was, by shutting off the excessive subsidies, which allow them to raise tuition to unaffordable—and dangerous—levels—important because of a deadly new American phenomenon: 1 in 15 borrowers has considered suicide because of student debt, according to a recent article by *The Washington Post*.

College debt stands at almost 2 Trillion dollars, and this is almost ten (10%) percent of America's national debt, which is just north of 20 Trillion dollars. Without drastic, and immediate, changes, we will crash our dollar. Besides being unsustainable spending, these subsidies do not achieve the goal of “making college affordable,” and actually hurt not only taxpayer, but student. President Trump, Sec. of Education Betsy DeVos, and numerous others, have called for spending cuts, with tax dollars, including former Sec. of Education, Dr. Bill Bennett, who warned that subsidies allow colleges to raise prices; history has proven them right. While a few other areas (Defense, Social Security, etc.) are larger expenditures, spending can't be cut in these areas, like it can here—so, spending cuts are necessary to stop pouring gasoline on the fire.

To put things into perspective, the Federal Reserve just reported that “Between 2001 and 2016, the real amount of student debt owed by American households more than tripled, from about \$340 billion to more than \$1.3 trillion,” which, is **an increase of** more than \$960 Billion over a 15-year period, or \$64 Billion/year, or \$175,222,450.38 each day.

At a current average interest rate of 4.53% for undergrads (with grads & parent loans even higher), as reported by the U.S. Department of Education (StudentAid.gov), this is over 7.9 Million Dollars of interest alone, each day. Most-importantly, with current student debt predicted to hit two trillion around 2020, according to World.edu, comprising almost ten (10%) of total U.S. Debt, this is a bubble that is bigger than the infamous Housing Crash of 2008. (And even *this* figure may be an underestimate, since this \$2 Trillion figure doesn't include funds students must divert away from retirement savings, parent borrowing, or credit card debt—or even housing debt, which may be “student debt in disguise,” since parents are constantly taking out home equity loans & mortgages to help cover their kids' educational costs.)

This is a complex issue, and one that cannot be solved with simply “spending cuts,” and thus it is necessary to enact “tax” cuts: Tuition, a form of funding going to arms of the government (many state universities), is a form of tax. Short of using “heavy hand” regulation (aka “price controls,” as we do with other monopolies, like insurance, electric, water, telecommunication, and even milk – with regulations enforced by Federal Milk Marketing Orders, etc.), a “Free Market” approach to reigning in skyrocketing tuition is necessary to address both sides of the Higher Education economics.

While “Free College” and “Loan Forgiveness” are popular concepts, they would be very difficult to pay for, and, as a practical matter, politically impossible to pass into law. Thus, I am proud to announce that I have cosigned on to **H.R.2648, the Student Borrower Bankruptcy Relief Act of 2019**, a bipartisan (actually, tripartisan) bill which has Republican, Independent, and Democrat cosponsors—a reasonable compromise to the higher education crisis, but one which does not “compromise” our shared bipartisan values of fairness.

With bankruptcy returned to student loans, as it was just a few decades past, there would be an initial unavoidable spike in filings, but bankruptcy scholar Robert Lawless estimates that in the “steady-state,” annual discharges would plateau & come to less than \$3 Billion per year. (Source: Bob Lawless (U of Illinois), Demos, posted in RESEARCH, November 24, 2015, LINK 1: <https://www.Demos.org/research/no-recourse-putting-end-bankruptcys-student-loan-exception> LINK 2: <https://www.Demos.org/sites/default/files/publications/Bankruptcy-%28mark%29.pdf>) Dr. Lawless' calculations are reasonable

when considering that even in a “worst case” scenario, if every student loan borrower filed for—and got—full bankruptcy discharge, this would cost taxpayers almost nothing: Thanks to Obama-era regulations, the Federal Government is now the SOLE lender of all current student loans, having purchased almost all of the current loans:

“As of July 8, 2016, the federal government owned approximately \$1 trillion in outstanding consumer debt, per data compiled by the Federal Reserve Bank of St. Louis. That figure was up from less than \$150 billion in January 2009, representing a nearly 600% increase over that time span. The main culprit is student loans, which the federal government effectively monopolized in a little-known provision of the Affordable Care Act, signed into law in 2010.”

(Source: “Who Actually Owns Student Loan Debt?,” by Sean Ross, *INVESTOPEDIA*, Updated Jul 30, 2019, LINK: <https://www.Investopedia.com/articles/personal-finance/081216/who-actually-owns-student-loan-debt.asp>)

In fact, almost all student loans are owned – not guaranteed – by the taxpayer: “Most student loans – about 92%, according to a December 2018 report by MeasureOne, and academic data firm – are owned by the U.S. Department of Education.” (Source: “2019 Student Loan Debt Statistics,” by Teddy Nikiel, *NerdWallet*, December 20, 2019, LINK: <https://www.NerdWallet.com/blog/loans/student-loans/student-loan-debt>)

Even assuming \$2 Trillion, a slightly high estimate, the remaining 8% guaranteed (not owned) would only cost taxpayers \$160 Billion, but even this is high because only about half of the loans are outstanding, and even this is very high because not all would file, and those who did would not get a full discharge unless they were very indigent, thus supporting Dr. Lawless' \$3 Billion/year estimate. Moreover, history supports his estimate:

While many Conservatives are reluctant to embrace Bankruptcy as a Free Market check on skyrocketing tuition or the lending that fuels this dangerous fire, it worked back when we had it for college loans: “By 1977 only .3% of student loans had been discharged in bankruptcy.” <https://www.Linkedin.com/pulse/history-student-loans-bankruptcy-discharge-steven-palmer> See also the HARVARD LAW REVIEW: “Debunking the first premise is the fact that by 1977, under 0.3% of the value of all federally guaranteed student loans had been discharged in bankruptcy...(See H.R. REP. NO. 95-595, at 148 (1977).)” http://HarvardLawReview.org/wp-content/uploads/pdfs/vol126_student_loan_exceptionalism.pdf

This bill, which has a companion bill in the senate (s.1414), and much bipartisan support, would allow students to discharge their student loan debt through bankruptcy on the same terms as credit card users, and other “unsecured” debt.

Besides curing several constitutional flaws in current U.S. Bankruptcy Code, which currently violates the Constitution's Contract, Uniformity, and *ex post facto* Law clauses, the ability to defend against predatory lending with a threat of bankruptcy discharge would offer a “Free Market” check against rampant tuition inflation: Lenders and Banks would be “think twice” before piling on obscenely high-dollar loans, and be forced to be responsible with college loans—like Credit Card companies, who only lend when they reasonable think the borrower can repay—thus forcing colleges to lower tuition to levels that are sustained by a true free market of student—who no longer have “endless seas” of loans.

Senator Rick Scott: “When I went to college in the 70’s, tuition was as low as \$200 a semester, with no fees that I can remember.” (Press Release dated Tue. 10 Sept. 2019: <https://www.RickScott.Senate.gov/sen-rick-scott-announces-proposals-lower-cost-higher-education>)

Assuming this was January of 1975, this would be equivalent to \$987.89 per semester in an October 2019 (source: <https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=200&year1=197501&year2=201910>) And, WestEgg's calculator gives a similar conversion: “What cost \$200 in 1975 would cost \$943.89 in 2018.” (source: <https://westegg.com/inflation/infl.cgi>) In fact, PolitiFact rated as “Mostly True” the claim that college was once “free” in the United States: <https://www.PolitiFact.com/florida/statements/2016/feb/09/bernie-s/was-college-once-free-united-states-and-it-oversea/>

Both **H.R.9876**, my spending cuts bill, and **H.R.2846**, technically a “tax cuts” bill, would work together to ensure costs of collage are affordable, even if not free: If American Higher Education was the “best in the world” back when a year of college cost the equivalent of \$1,000 per semester – or perhaps free in some places – then, there is no excuse for us to say that's “impossible” for our economy: Putting student into “debt slavery” for decades, and forcing them to delay starting families, buying homes, and enjoying our booming economy, is inherently wrong—and a drag on our economy.

“A quarter of borrowers who take out student loans end up defaulting within five years” according to <https://www.CbsNews.com/news/1-in-4-americans-defaulted-on-their-student-loans-in-five-years/> and the number is probably much greater when considering the “lifetime” of the loans, and not merely the first five years.

Brookings recently reported[a] that defaults run at about 40% for 2004 student loan borrowers, and as those borrowers were

only borrowing one-third[b] of what students are borrowing currently, eventual default rates are probably much higher, portending a Bubble much larger than the 2008 Housing Bubble.

[a] <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>

[b] <https://www.WashingtonExaminer.com/opinion/op-eds/one-inexpensive-and-easy-fix-for-the-student-loan-problem>

“About 37 percent of borrowers were repaying their loans...in 2005 with nearly \$13.1 billion in loans...The remaining 64 percent—more than 1.1 million borrowers with over \$25.3 billion in loans—were not actively repaying their loans for at least a portion of the study period and are likely to be a source of concern to varying extents.” Source: “Delinquency: The Untold Story of Student Loan Borrowing,” by Alisa F. Cunningham and Gregory S. Kienzl, Ph.D, A report prepared by: Institute for **Higher Education Policy**, March 2011,

LINK: http://www.IHEP.org/sites/default/files/uploads/docs/pubs/delinquency-the_untold_story_final_march_2011.pdf

Cross-posted: https://www.Bankruptcy-Divorce.com/Bankruptcy-Student-Loan/Delinquency-The_Untold_Story_FINAL_March_2011.pdf

HOWEVER, if Lawmakers could pass (263-171 in the House) the "Mortgage Bailout" (aka: "Emergency Economic Stabilization Act of 2008") outright giving a "Liberal Free (Corporate) Handout" of Seven-Hundred Billion (\$700,000,000,000.00) Dollars (not counting another \$250 Billion and \$350 Billion in Sec.115) to companies who made bad decisions, and still have a "Bankruptcy Safety Net," the least we can do is return said safety net to student 'loans'.

With over 44 Million students in debt for college, and another 30 or 40 Million who are cosigners, family, or friends, this is now a crisis bubble, which will burst if not put in check. Prior congresses have kept “kicking the can down the road,” an obvious example of rich colleges and banks having their way with lawmakers, even when a large majority of the public favored bankruptcy—even if not outright “free” college—as new research now confirms is happening:

“Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.” (Abstract paragraph) Source: “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” by Martin Gilens and Benjamin I. Page, Perspectives on Politics, Volume 12, Issue 3, pp. 564–581, September 2014, © **American Political Science Association 2014**, republished with attribution and used under “Fair Use” legal standards, for scholarly criticism & commentary purposes, DOI:10.1017/S1537592714001595, LINK: <https://doi.org/10.1017/S1537592714001595>

LINK: https://Scholar.Princeton.edu/sites/default/files/mgilens/files/gilens_and_page_2014_-_testing_theories_of_american_politics.doc.pdf

LINK: <https://www.Cambridge.org/core/journals/perspectives-on-politics/article/testing-theories-of-american-politics-elites-interest-groups-and-average-citizens/62327F513959D0A304D4893B382B992B>

LINK: <https://www.Scholars.Northwestern.edu/en/publications/testing-theories-of-american-politics-elites-interest-groups-and->

We now see that didn't work, so we are trying something different. The bipartisan H.R.2648 would act retroactively to allow bankruptcy for existing distressed college loans: Since the existing student loans of many college students had their bankruptcy rights stripped 'retroactively', this impaired an existing loan contract, and violated the Constitution's Contract and *ex post facto* Law Clauses, making it justified to make the 'cure' retroactive also. Moreover, current U.S. Bankruptcy Code violates the Uniformity Clause, insofar as college loans are NOT uniform: You can ask any college student to verify. This state of affairs is in violation of the Constitution's Uniformity clause, which is a special type of equal protection.

Since it is documented that most current student loans are in default, and students are not paying on them anyhow, the slight dip in payments from any possible bankruptcy discharges would be very small – and greatly offset by the huge gains that bankruptcy would have in forcing lending downward—thus saving taxpayers Trillions of dollars long-term. The “Free Market” check on excessive predatory lending, which **H.R. 2648** would afford, is also necessary to “phase in” President Trump's 'Loan Limits' spending cuts bill, thus ensuring that **H.R. 9876** is not too sudden in its effect.

Therefore, in addition to introducing **H.R.9876, Higher Education Loan Limits Act of 2019**, I am proud to cosponsor **H.R. 2648**, a bipartisan bill which would return bankruptcy equality to students, knowing that bankruptcy, the “Economic Second Amendment,” worked well in the past. **<<Plus, it'll help us get the House back into GOP control! And not lose the Senate or Oval Office.**

As proof of need for these bills, please see below for examples of “wrecked lives” due to our failed Higher Education:

Nine (9) Real Life examples of lives wrecked by those who were simply trying to better themselves with a college education

Case #1: <https://www.Facebook.com/groups/sljgroup/permalink/10157479704616702/>



Alan Collinge



Admin · November 2, 2019

Name: Davina

State: --

I understand how you feel about bankruptcy. I had to file in 2005 right before I had my 2nd child. I had to quit work because he was a high risk pregnancy. I couldn't file my student loan under bankruptcy rights, and that's when I went into default. I had paid on my student loan, \$300 a month for 9 years at this point. I had already paid back close to double what I borrowed. Once I was able to start working again, the DOE garnished my tax returns for years to follow, that I TRULY NEEDED as a now single mother, working 7 days a week to care for my kids...

Over the past 2 decades I have paid back 3 times what I borrowed. Over the next decade and a half, I am expected to pay back 1.5 times more than what I borrowed. The principle has never been touched. The principle has never been paid. I will be in my 60's, having paid over \$80,000 on a 40 year old, \$17,500 FSL. HAD I HAVE BEEN ALLOWED to file bankruptcy on my FSL in 2005, I would have been living a happy life with enough money in the bank to pay the bills, and buy Christmas gifts.

I would have been proud of my college degree. I would actually have been able to help pay for my children's college education. They won't be going to college, because I would never allow them to get a student loan, and end up being another life-long victim of the DOE and their phantom debt.

This my friend, is financially Dumbing-Down-America. I assure you, filing BANKRUPTCY on a STUDENT LOAN DEBT, that will be signed by executive order of A PRESIDENT, will NOT be found in bad graces by creditors. 👍

This is a revolution that is happening in America. Over 50,000,000 victims. This is a time when we NEED bankruptcy protection, as it is called for in the Constitution ahead of the power to raise an army and declare war! It is nothing to be frowned upon when an agency of our government is robbing us of our lives by denying our Constitutional rights.

The only way to stop them, is to stop their money flow. Is to stop them from being crooks. How do we do that legally? We get our constitutional rights back, and we THREATEN them with mass bankruptcy, and no bail-outs! Only then will Lady Justice be on our side again.



27 Comments 13 Shares

Editor's Note: Before moving on to some more “real life” examples, I would like to state, for the record, that I personally know Davina, whose last name is being “redacted” in this public post. ~Gordon Wayne Watts, Education reporter, and Editor-in-Chief, *The Register*: <https://GordonWatts.com> and <https://GordonWayneWatts.com> Moreover, my friend, Alan M. Collinge, a nationally-known Student Debt expert, and the admin of this Facebook group, can also verify that Davina is a real person, and that we've both seen documentation to verify some, if not all, of her claims:

Facebook group, “Student Loan Justice”: <https://www.Facebook.com/groups/SLJgroup>

Alan's personal page: <http://StudentLoanJustice.org> – or Google him by name.

Case #2: Nicole from Houston: “Struggling mother trying to pay loan \$32,000. I don’t even have a degree. ... I want to go back to school and do more for us but I just can’t with this debt hanging over my head. It saddens me to know you have to be in all the debt to better your life.”

Case #3: Mark from Los Angeles: “It’s crushing me and my family. I am 57 yrs. Old and constantly putting it in forbearance. I fear it will follow me into retirement.”

Case #4: Stephanie from Illinois: “I’m a social worker and most social work jobs are low paying. I understand that I chose this but in order to be considered for a \$30,000 job in my state you need a Master Of Social Work degree. I work

more than 40 hours per week and I have \$151,000 in debt, mostly it's all interest because of my payment plan. I have a family and I fear I will never pay this back. It's like having a second mortgage.”

Case #5: Emily from Detroit: “I wanted to go to school to help people, and my master’s degree allows me to do that every day. But with over \$75,000 in debt, partially due to ever-accruing interest, it feels like I’ll never get ahead and will struggle with this my entire life.”

Source for cases 2—5, above: “There seems to be no end to the rise in student loan debt,” by Michelle Singletary, *The Washington Post*, September 12, 2019 at 8:00 a.m. EDT, small excerpts used under Fair Use; LINK: <https://www.WashingtonPost.com/business/2019/09/12/whos-blame-massive-amount-student-loan-debt-america>

Case #6: Gordon Wayne Watts from Florida: “As a child, I was told I needed an education to better myself. So, to cut costs, I went to the local community college as long as I could & then the least expensive University, eventually obtaining an A.S. degree from United Electronics Institute (**Valedictorian**) and a **double major with honours (Biological & Chemical Sciences)** from **The Florida State University**. However, even after getting top grades in the hard sciences, and trying my best to pay off my original \$46,000.00 loan, my principal ballooned to \$67,375.19 as of 12/29/19. I don't mind paying back what I borrowed (or even double per Jesus' command to “walk the extra mile”), but if, as a result of deceptive lending (I was NOT told my loan lacked a bankruptcy safety net—like rich people use on business loans, all the time, for huge amounts), if it's impossible to ever pay it off, I wonder: Why even try? Even attempting to pay it off would be condoning those who used deceptive lending? I don't want any “Liberal Free Handouts,” Free College, or loan forgiveness (like Bernie Sanders is proposing), but if rich business owners & Credit Card users can regularly obtain bankruptcy discharge for HUGE amounts & get a fresh start, why can't college students at least “get treated fairly,” in bankruptcy discharge. **I followed the rules, and did as I was told, but I was “damned if I do”** (in debt forever if I don't win the lottery) **and “damned if I don't”** (a college education is even more needed in today's economy, if you don't want to be a burger-flipper all your life).

PROOF: <http://GordonWatts.com/education> or <https://GordonWayneWatts.com/education>

P.S.: If bankruptcy rights, as guaranteed by the U.S. Constitution's Uniformity clause, aren't restored to student loans, this will, ironically, cost taxpayers (who guarantee these toxic loans) MORE, because lenders won't "think twice" before piling on loans. [If so many are having trouble paying back, maybe it's not 'us' – maybe there WAS illegal Deceptive Lending, price-gouging monopoly—all of which are illegal individually, and VERY EVIL collectively.]

PROOF: The 2008 Housing Bubble almost crashed our dollar, but the threat of bankruptcy (the "Economic 2nd Amendment") made lenders "think twice" about piling on, and that was the only thing that prevented a crash of the dollar.

CONCLUSION: I'm on IBR (Income-based Repayment) as I speak (write), and pay ten (10%) percent of my discretionary income (e.g., 10% of zero, which is—itself—zero). If I quit my “volunteer” (unpaid) job as Editor-in-Chief of *The Register*, and somehow got a “burger flipping” job (if they'd even hire someone who is overqualified, like me), I might “pocket” a little more money, but I would allow our nation to crash the dollar through overspending. But, if I can convince lawmakers to pass H.R.2648 and S.1414, the Student Loan Bankruptcy bills in the current 2019-2020 Congress, that might make lenders “think twice” about piling on, and save taxpayers in the long run, thus averting a crash of the dollar—since taxpayers guarantee student loans. And, if these bills passed, I might be hauled into Bankruptcy Court, and forced to pay something. So, I have no “conflicts of interest” or selfish motives in advocating for passages of these bills. (If anything, I would lose out, but I might save the nation.) Lastly, for those who think that “one person can't make a difference,” see this: I almost won the largest “pro-life” case in history—all by myself. One person CAN make a difference. **PROOF:**

[1] ***In Re: GORDON WAYNE WATTS (as next friend of THERESA MARIE 'TERRI' SCHIAVO)***, No. SC03-2420 (Fla. Feb.23, 2005), denied 4-3 on rehearing. (Watts got 42.7% of his panel)

<http://www.FloridaSupremeCourt.org/clerk/dispositions/2005/2/03-2420reh.pdf>

[2] ***In Re: JEB BUSH, GOVERNOR OF FLORIDA, ET AL. v. MICHAEL SCHIAVO, GUARDIAN: THERESA SCHIAVO***, No. SC04-925 (Fla. Oct.21, 2004), denied 7-0 on rehearing. (Bush got 0.0% of his panel before the same court)

<http://www.FloridaSupremeCourt.org/clerk/dispositions/2004/10/04-925reh.pdf>

[3] ***Schiavo ex rel. Schindler v. Schiavo ex rel. Schiavo***, 403 F.3d 1223, 2005 WL 648897 (11th Cir. Mar.23, 2005), denied 2-1 on appeal. (Terri Schiavo's own blood family only got 33.3% of their panel on the Federal Appeals level)

<http://Media.CA11.UsCourts.gov/opinions/pub/files/200511556.pdf>

Case #7: see next page... (Yes, the victim in #7 is the same one in #1, above, but given the pain she's endured and the points she makes, she gets “2 bites at the apple”) ... See below... →



Alan Collinge shared a link.

Admin · January 14 at 9:57 AM

From Davina:

Hello Fellow Members,

I am a 20+ year victim of SLD. I am expected to continue to be a victim for the next 20 years. Some of you are no where near my level, while some of you have far surpassed my level. And here we are. All coming together.

That being said, I found this documentary in my research efforts. It was produced 7 years ago. I would like for you all to watch it, then ask yourselves, "What has changed in the past 7 years?"

The short answer is, "Absolutely nothing, except for an increase in victims, tuition cost, phantom interest, forbearances, defaults, garnishments, anxieties, depressions, suicides, & POVERTY for the Higher Educated in America!" And I will make a wager that every victim in this documentary is still suffering today.

When The Higher Education Act of 1965 was proudly signed by LBJ, he didn't expect that our country's people, seeking a higher education, would be stripped of their constitutional rights and driven into poverty.

The threat of bankruptcy alone (whether we file or don't) is enough to regain control of the system, and protect future students from predatory lending. The DOE will no longer have the power to put us into phantom interest debt, with the principle never being touched, and without statute of limitations.

Look, bankruptcy laws were written to protect consumers. The only consumers not being protected now are only..."THE PAST, PRESENT, & FUTURE OF AMERICA!" When our SSI is now being garnished for SLD, what kind of future do you think America has to look forward to domestically; let alone globally?

This is why we fight for one cause that will squash the current past, and pave a way for the future; while honoring our forefathers. We fight to get our Constitutional rights back to protect ourselves, our families, and future generations of Americans.

Bankruptcy/Consumer Protection laws were written for a REASON, this very REASON. Generation after generation...after generation. This is where it ends.

<https://www.youtube.com/watch?v=xFY-PgPA-Uk>



YOUTUBE.COM

Scholarship: A documentary about the student debt crisis

Determined to speak up about America's crumbling higher education...

You, Jill Elswick, Rob Mueller and 81 others 37 Comments 23 Shares

 Sad

Comment

Share



Jen H Decker Does anyone know which administration changed the laws that forbids student loans to be discharged in bankruptcy? This is one of the biggest shams played on the working class I've ever seen.

Like · Reply · 6d · Edited

9




Sarah Shanahan Biden had alot to do with that

Like · Reply · 6d

7



Alan Collinge  It actually goes back to the 1970's, but the two most important years were 1998, and 2005. So this was Clinton and Bush II.

Like · Reply · 6d

12



Judith Davis Question. Which Administration removed the bankruptcy rights?

Like · Reply · 6d

1



Derek Williams **Alan Collinge** I heard that a former congressman (maybe dead now?) named Buck McKeon was the one who sponsored the bill to kill bankruptcy altogether for student loans.

Like · Reply · 6d

1



Derek Williams I was researching this a while back online and that was the info I found.

[Like](#) · [Reply](#) · 6d

2



Gordon Wayne Watts Bankruptcy rights were slowly reduced over time, through several administrations.

[Like](#) · [Reply](#) · 6d

2



Jen H Decker [Alan Collinge](#) Thank you very much for that information. It's very hard to find as I'm sure those who voted for it realize what a complete tragedy it turned out to be IF they care.

[Like](#) · [Reply](#) · 5d

1



Gail Larralde Bush II and Clinton remain 'best of friends' to this day -

[Like](#) · [Reply](#) · 5d

1

FINALLY: Eighth (8th) & Ninth (9th) examples of Predatory Lending victims:

(Note: Tina Lemire = 8th example ; Denine Blas = 9th example)

People charged (and/or paid back) FAR more than their original loans

Thread link: <https://www.Facebook.com/groups/sljgroup/permalink/10157757057111702> Exact link to Tina Lemire / Denine Blas conversation: https://www.Facebook.com/groups/sljgroup/permalink/10157757057111702/?comment_id=10157757541636702&reply_comment_id=10157758244151702



Tina Lemire

And what about the fact that my loan interest has grown so much that my payments aren't manageable?? This AFTER they denied me in 2010!!



8 hrs **Sad** Reply More



Denine Blas

Navient Corporation contacted me by mail and it went like this: Greetings we wanted to inform you that your current monthly bill is now due: \$7,860.12 you have 10 days to bring your current total \$440,654.34 up to date. And this started out as a \$22,000 dollar loan. I had six months to start paying back when I got out of school. Yet, the school I went to when I graduated, every job interview I went to I was told I had no current experience and was not hireable.

39 mins Like Reply More



Write a reply...

Reply



James Robert

Bankruptcy protections are a must for sure.

Above were: “Nine (9) Real Life examples of lives wrecked by those who were simply trying to better themselves with a college education” **Here are COUNTER-EXAMPLES:**

[[#1]] RICH REPUBLICAN and PRESIDENT: Donald Trump filed for bankruptcy and “will remain as chairman and CEO and continue to collect a **\$2 million dollar paycheck**. So...how does a CEO decide to twice and still come out at the top of the heap?” **ANSWER:** “In both instances, Trump’s corporations have filed for bankruptcy; Trump personally has not. Hence, when his casino fell into **about a billion dollars in debt**, the corporation filed for Chapter 11 bankruptcy.” [[Editor’s Note: A “billion” is a THOUSAND Millions. Look it up, if you didn’t get the note.]] **Source:** “How Does Trump Repeatedly File for Bankruptcy and Still Stay on Top?,” by Monica Sanders, **LEGAL ZOOM**, October 2009, LINK: <https://www.LegalZoom.com/articles/how-does-trump-repeatedly-file-for-bankruptcy-and-still-stay-on-top>

See also: “April 21, 2011 -- Donald Trump -- or companies that bear his name - **have declared bankruptcy four times**. [] “Trump has built an American empire from Las Vegas to New York with towering hotels and sparkling casinos. Forbes estimates he’s worth \$2.7 billion. But not all of Trump’s business ventures have been constant money-makers. In 1991, 1992, 2004, and again in 2009, Trump branded companies or properties have sought Chapter 11 protection...Doug Heller, the executive director of Consumer Watchdog, said Trump is the “most egregious, almost comical example” of the disparity between what the average American faces when going through bankruptcy and the “ease with which the very rich can move in and out of bankruptcy.” [] “Under the American bankruptcy laws, if you end up in bankruptcy because you’re struggling with divorce or medical payments or a sudden change of income, it’s a disaster. If you fail miserably with huge dollars involved then you just need some accountants to rework your books,” Heller said.” **Source:** “**Donald Trump’s Companies Filed for Bankruptcy 4 Times: Trump still touts his business sense and wealth as qualifications for president.**,” By AMY BINGHAM, **ABC News**, April 20, 2011, 1:39 PM, LINK: <https://AbcNews.go.com/Politics/donald-trump-filed-bankruptcy-times/story?id=13419250>

[[#2]] RICH Silicon Valley start-up, Solyndra: from LIBERAL California, and manufacturer of the Solar Cell panels: “In March 2009, Energy Secretary Steven Chu announced a **\$535 million conditional loan guarantee** to Solyndra — making it the first to receive a loan since the 2005 program began.” So, what happened? **ANSWER:** “In August 2011, the company **filed for bankruptcy**.” **Source:** “Solyndra, explained,” by Rachel Weiner, **The Washington Post**, 01 June 2012, LINK: https://www.WashingtonPost.com/blogs/the-fix/post/solyndra--explained/2012/06/01/gJQAig2g6U_blog.html

[[#3]] RICH “evangelical Christian CONSERVATIVE” talk show host, Dave Ramsey, with syndicated radio program, “The Dave Ramsey Show,” “is among the top five talk radio shows in the United States,” and this “evangelical Christian, Ramsey uses biblically-based principles to teach his followers how to improve their financial conditions. For example, he often advises others to avoid debt because Proverbs 22:7 states, “The rich rule over the poor, and the borrower is slave to the lender.”” **But “he ended up filing for personal bankruptcy protection at age 28** in 1988, mainly because his largest lender—to whom he owed **\$1.2 million**—was acquired by a bigger bank...Ramsey managed to pay the majority of the debt down, **leaving \$378,000 outstanding**.” **Source:** “How Dave Ramsey Made His Fortune,” by Warren Cassell Jr., **INVESTOPEDIA**, Updated 25 June 2019, LINK: <https://www.Investopedia.com/articles/investing/082015/how-dave-ramsey-made-his-fortune.asp>

[[#4]] RICH DEMOCRAT former Congressman “Ruben Hinojosa, an eight-term Democrat from Texas, **filed for personal bankruptcy** in December **after a major bank won a \$2.6 million arbitration award** against him over a loan he guaranteed for a family meat company, according to documents filed in federal bankruptcy court.” **Source:** “House Dem files for bankruptcy,” By John Bresnahan, **POLITICO**, 02/03/2011 05:07 PM EST Updated 02/06/2011 10:51 AM EST, LINK: <https://www.Politico.com/story/2011/02/house-dem-files-for-bankruptcy-048799>

[[#5]] Joe Average Citizen CREDIT CARD USER can file for bankruptcy: “Bankruptcy filings hit an all-time high in 2005, when **more than 2 million cases** were started. In that year, **one out of every 55 households** filed for bankruptcy. [] The following year, bankruptcy filings **dipped to about 600,000**, the lowest point in 20 years.” [[Editor’s Note: If 600 thousand is considered “low,” and this is still far greater than Student debt filers, who are arguably more-deserving and less irresponsible than Credit Card users, then something is really wrong here.]] **Source:** “Bankruptcy Statistics,” by Al Krulick, **DEBT**, Copyright © 2020 Debt.org. All rights reserved, small quote used under “Fair Use,” LINK: <https://www.Debt.org/bankruptcy/statistics>
Archived: <https://Web.Archive.org/web/20190702221540/https://www.debt.org/bankruptcy/statistics/>

[[#6]] Joe Average Citizen GAMBLER can file for bankruptcy: “The average debt generated by a man addicted to gambling is **between \$55,000 and \$90,000**. Women gamblers average **\$15,000 of debt**. [] In extreme cases, problem gambling can result in serious legal problems or financial ruin. More than 20% of compulsive gamblers **end up filing for bankruptcy because of gambling losses**.” **Source:** “Gambling and Debt,” by Max Fay, **DEBT**, Last Updated April 2, 2019, LINK: <https://www.Debt.org/advice/gambling>
Archived: <https://Web.Archive.org/web/20190914173659/https://www.debt.org/advice/gambling/>

Conclusion: So, if all these RICH & POWERFUL people (& businesses), many who get stimulus bailouts, taxpayer-funded handouts, & grants, from the government, & then, turn around & file bankruptcy REPEATEDLY for MILLIONS (or, in some cases, BILLIONS), but a college student CAN’T (except under near-impossible “Undue Hardship” standard), then this is not only immoral/unfair, but also a clear violation of the U.S. Constitution’s UNIFORMITY clause (a type of Equal Protection, see: Art. I, Sec.8, cl.4), insofar as standards are not only lacking uniformity with all other debt, but even amongst itself, the standards vary from circuit to circuit: Some circuits apply a “totality of circumstances” test. But, in any event, this evil “Double Standard” is a clear violation of Jesus’s “Golden Rule” (Matthew 7:12, Luke 6:31; See also: Leviticus 19:18, Leviticus 19:34, Matthew 22:39, Mark 12:31). **<Do CONSTITUTION and God no longer matter?**

**** UPDATE – NINE (9) MORE cases of TRAGIC PREDATORY LENDING ****

I.e., 10TH – 18TH [Yes, I know, lengthy reading but HORRIBLE INJUSTICES!!]

People charged (and/or paid back) FAR more than their original loans

Thread link: <https://Facebook.com/groups/7704336701?view=permalink&id=10157926187781702>

10th – **BARBARA:** – Borrowed \$30,000.00 – Now owes \$149,624.05 = **PREDATORY LENDING – HORRIBLE!?**



From Barbara:

...And I get my statement from Nelnet right now in the middle of a Pandemic. Oh I don't have to pay for 3 months? Gave me a f***** break. How is this allowed? How is this legal? I am financially ruined for the rest of my life and for what??? A \$30,000 student loan I took out 20 years ago after serving in the military 12 years. The Montgomery GI bill gave me \$300 a month if they approved my credits. I had to go to college I HAD NO TRANSFERABLE SKILLS! That's the American Dream right?

Go to college get out a make a decent income so you can pay back your student loans...never mind I somehow locked myself into a 7.75% interest rate. I am going to try to get back on Excessive Debt Forbearance. I am making less now than I made in my previous job where everyone was laid off due to embezzlement by the administrator.

I want to retire soon. So needless to say whoever says they will restore bankruptcy rights I will be voting for Red or Blue I really don't care. I just want free from this thing.

Current Balance	3/21/2020
	\$149,624.05
Regular Monthly Payment Amount	\$198.35
Amount Already Paid for This Month	- \$0.00
Past Due Amount (if applicable)	+ \$0.00
Current Amount Due	\$198.35

While not required, you may continue making monthly payments even if no payment is due, as interest continues to accrue. Eligibility for certain benefits may also require monthly payments. Otherwise, your next payment is due on 4/11/2020. You can also avoid extra costs by paying more than your current amount due to cover the amount of any outstanding fees (if applicable). For more information, see the Fees section on the last page of this statement.

**** UPDATE – NINE (9) MORE cases of TRAGIC PREDATORY LENDING ****

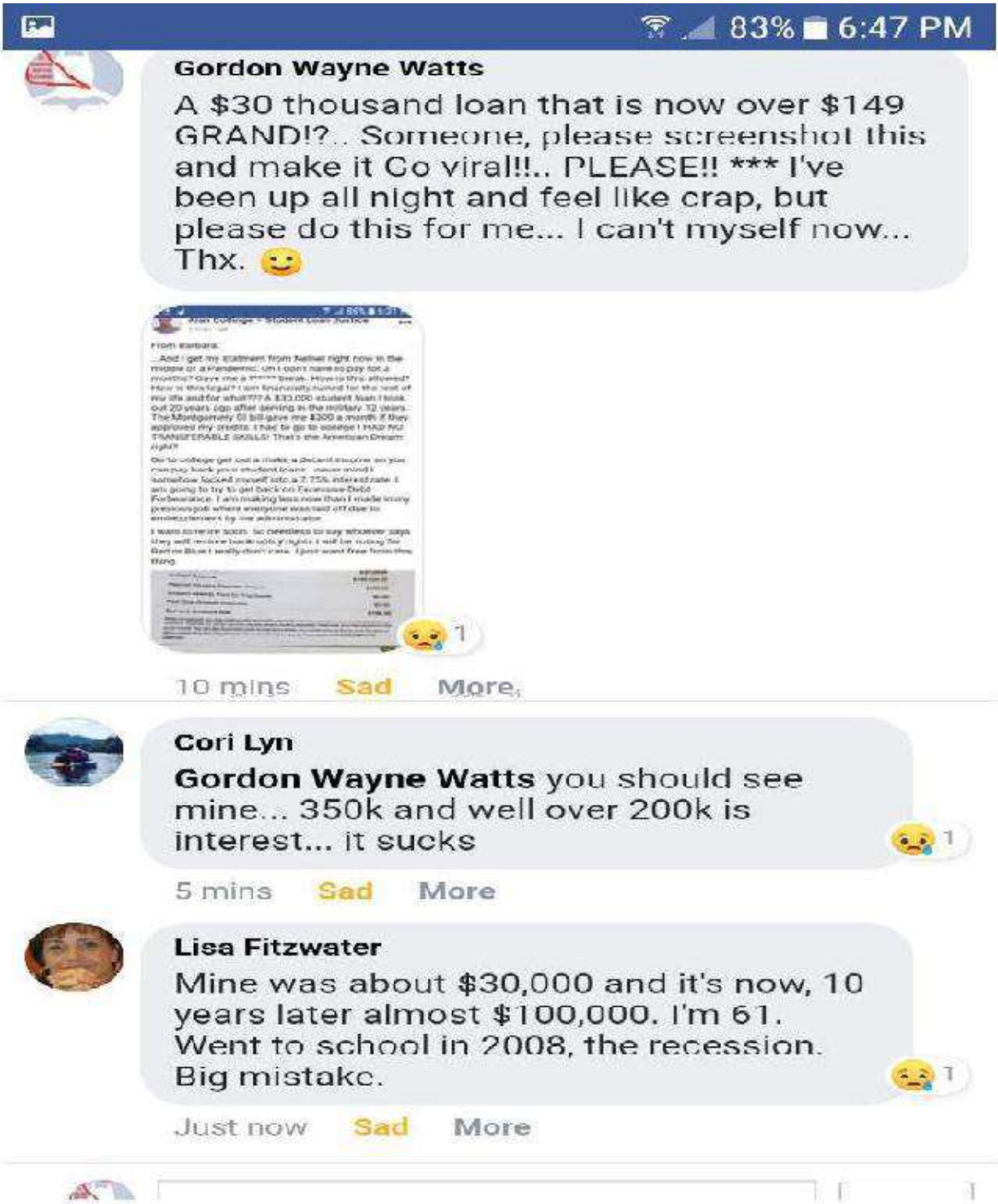
I.e., 10TH – 18TH [Yes, I know, lengthy reading but HORRIBLE INJUSTICES!!]

People charged (and/or paid back) FAR more than their original loans

Thread link: <https://Facebook.com/groups/7704336701?view=permalink&id=10157926187781702>

11th – **CORI LYN:** \$200 grand of her \$350 grand loan is INTEREST!?! = **PREDATORY LENDING – HORRIBLE!?!?**

12th – **LISA FITZWATER:** Borrowed \$30,000.00 – Now owes almost \$100,000.00 and she is sixty-one (61) years old = **PREDATORY LENDING – HORRIBLE!?!?**



**** UPDATE – NINE (9) MORE cases of TRAGIC PREDATORY LENDING ****

I.e., 10TH – 18TH [Yes, I know, lengthy reading but HORRIBLE INJUSTICES!!]

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13th – **LISSETTE NASCIMENTO:** Borrowed about \$9,000.00 – Now owes more than \$30,000.00. Single, divorced mom. Works as server!?! = **PREDATORY LENDING – HORRIBLE!?**

14th – **BONNIE RODRIGUEZ:** Age 63 – Borrowed \$34,009.00 – Been paying on it since 1985 – Now owes over \$159,000.00. = **PREDATORY LENDING – HORRIBLE!?**



**** UPDATE – NINE (9) MORE cases of TRAGIC PREDATORY LENDING ****

I.e., 10TH – 18TH [Yes, I know, lengthy reading but HORRIBLE INJUSTICES!!]

People charged (and/or paid back) FAR more than their original loans

Thread link: <https://Facebook.com/groups/7704336701?view=permalink&id=10157926187781702>

14th – **BONNIE RODRIGUEZ:** Age 63 (again—from above) Borrowed \$34,009.00 – Been paying on it since 1985 – Now owes over \$159,000.00. = **PREDATORY LENDING – HORRIBLE!?**

15th – **DAVID C. AVERILL:** – Borrowed \$32,000.00 – Now owes \$61,000.00 (even AFTER nearly \$30,000.00 in payments – which means he will have paid AT LEAST \$30,000.00 + \$61,000.00 = \$91,000.00 on a 32k loan!?) = **PREDATORY LENDING – HORRIBLE!?**

16th – **PAUL DeLeo:** \$231,086.77 Principal + \$63,539.91 Interest = USURY!?! – = **PREDATORY LENDING –**

The screenshot shows a mobile interface with a status bar at the top displaying signal strength, Wi-Fi, 100% battery, and 4:53 AM. Below the status bar are three posts:

- Post 1:** Profile picture of Bonnie Rodriguez. Text: "Gordon Wayne Watts my 34,000 loan is now over 159,000. Been dealing with this for 30 years. 10 percent interest and HEAF added 9,000 to the principal so DOE claims principal is 43,000 even though I borrowed 34,009 in 1985!! I am 63 already got notice they are attaching my SS when I get it." Interaction: 2 likes, 2 sad face emojis. Time: 9 hrs. Buttons: Like, More.
- Post 2:** Profile picture of David C. Averill. Text: "Gordon Wayne Watts Mine was 32000, balance is now 61000, paid nearly 30000. USN." Interaction: 2 likes, 2 sad face emojis. Time: 8 hrs. Buttons: Sad, More.
- Post 3:** Profile picture of Paul DeLeo. Text: "Cori Lyn Wow, and I though my situation was bad 😞". Below the text is a "Loan Details" graphic showing a donut chart with 7.38% Average Interest Rate. Legend: \$231,086.77 Principal Balance (blue), \$63,539.91 Outstanding Interest (yellow). Current Balance: \$294,626.68. Interaction: 2 likes, 2 sad face emojis. Time: 5 hrs. Buttons: Sad, More.

At the bottom of the screen, there is a navigation bar with a home icon, a search bar, and a profile icon.

**** UPDATE – NINE (9) MORE cases of TRAGIC PREDATORY LENDING ****

I.e., 10TH – 18TH [Yes, I know, lengthy reading but HORRIBLE INJUSTICES!!]

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Thread link: <https://Facebook.com/groups/7704336701?view=permalink&id=10157926187781702>

17th –

DONNA BALLARD: – Public Librarian – Age: 64 – will probably NEVER be able to retire!?!.. = **PREDATORY LENDING – HORRIBLE!?**

18th –

ANNA BRANDT: – State Gov't Employee: Borrowed about \$90,000.00 total ; but: Even AFTER many payments, Anna still “owes” (in quotes: I don't accept this USURY / illegal Price-Gouging as legal / moral) more than \$148,000.00 and estimates at least 6 more years of repayment.



Donna Ballard

Mine too. I am a public librarian and due to other financial issues I am in forebearance so it will just continue to grow. No end in sight and I would love to be able to retire (I'm 64) but I will probably die in my chair at the reference desk, if I don't get shot first (urban library).



9 hrs **Sad** Reply More



Write a reply...

Reply



Anna Brandt

I borrowed about \$90k total. I only have Federal loans, serviced by FedLoan. I have been paying the REPAYE/PAYE amounts for the past four years. With all the capitalized interest, the current balance is over \$148k. I still have at least 6 more years to pay on it. Who knows how much I'll owe then. I'm a state government employee now and just hope to god they don't get rid of the Public Service Student Loan Forgiveness program.



9 hrs **Like** Reply More

Rep. Spano Announces Bipartisan Bills to Lower the Cost of Higher Education, reign in excessive Student Debt

Washington, Monday, April 13, 2020

Tags: [Congress](#) , [Education](#) , [Veterans](#)

Note to self: Try to get this < 400 words, which is only slightly larger than “single bill” press releases by Rep. Spano. OK to go slightly over, since this addresses 2 (not 1) bills.

Editor's Note: *This is a proposed press release. I'm trying to give you an idea of how to address the “triplet” issues of (1) skyrocketing tuition (a form of tax), (2) oppressive college debt (resulting from #1, above), and (3) growing national debt, almost ten (10%) percent of which is collegiate debt alone. Moreover, since it looks likely that my guest column will publish in multiple mediums early, soon, and often (see included notes), I want to give my good friend, Rep. Spano, the “head's up,” so as to help him avoid being “reactionary” or “caught off guard,” but – hopefully – be “proactive.”*

Washington, D.C.—Today, Rep. Ross Spano (R-FL-15) joined Rep. Collin Peterson (D-MN-07), Rep. Jeff Van Drew (R-NJ-02), Rep. Justin Amash (Ind.-ME-03), Rep. John Katko (R-NY-24), Rep. Darren Soto (D-FL-09), Rep. Kathy Castor (D-FL-14), Rep. Greg Steube (R-FL-17), Rep. Al Lawson (D-FL-05), Sen. Angus King (Ind.-ME) and Sen. Joe Manchin (D-WV) – and Senators Rick Scott (R-FL) and Marco Rubio (R-FL) – to introduce **H.R.9876, the Higher Education Loan Limits Act of 2020.** *[Note: A fictitious bill, but one that needs to be filed: See my notes for a copy.] >> **REMEMBER?** The bill that President TRUMP kept requesting last March—until the “Impeachment” things got him side-tracked & distracted! SOURCE: “Trump Proposes Limits On Student Loan Borrowing,” By Zack Friedman, FORBES, Tue. March 19, 2019, LINK: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans> < DO WE NOT CARE for President Trump's VERY reasonable (and Sine Qua Non REQUIRED/NECESSARY) request, here!? < [Come on, folks!](#)*

Editor's Note: I picked a few conservative “Blue Dog” Democrat representatives / senators whom I think would sign on to this spending-cuts bill – as an example – in order to get a “bipartisan” bill out the door & filed.

This bipartisan bill would reign in out-of-control spending of tax dollars for college loans, and also force colleges to make tuition affordable, as it once was, by shutting off the excessive subsidies, which allow them to raise tuition to unaffordable—and dangerous—levels—important because of a deadly new American phenomenon: 1 in 15 borrowers has considered suicide because of student debt, according to a recent article by *The Washington Post*.

Source: “1 in 15 borrowers has considered suicide because of student debt, survey says,” by Alex Tanzi, **The Washington Post**, May 5, 2019, LINK: https://www.WashingtonPost.com/business/economy/student-debt-has-increased-almost-61-billion-since-endof-2017-survey-shows/2019/05/05/cf923122-6f90-11e9-8be0-ca575670e91c_story.html

Editor's Note: “Would” reign in – not “will” reign in. My JudeoChristian religious beliefs remind me that God has repeatedly warned us to avoid pride associated with making unknown predictions: James 4:13-16; Proverbs 27:1, from the NIV Bible: (-: Let's obey God, and make life easier for ourselves. :-)

Boasting About Tomorrow

13 Now listen, you who say, “Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money.” 14 Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. 15 Instead, you ought to say, “If it is the Lord's will, we will live and do this or that.” 16 As it is, you boast in your arrogant schemes. All such boasting is evil. 17 If anyone, then, knows the good they ought to do and doesn't do it, it is sin for them. [See also: Proverbs 27:1 “Do not boast about tomorrow, for you do not know what a day may bring.”]

College debt stands at almost 2 Trillion dollars, and this is almost ten (10%) percent of America's national debt, which is just north of 20 Trillion dollars. Without drastic, and immediate, changes, we will crash our dollar. Besides being unsustainable spending, these subsidies do not achieve the goal of “making college affordable,” and actually hurt not only taxpayer, but student. President Trump, Sec. of Education Betsy DeVos, and numerous others, have called for spending

cuts, with tax dollars, including former Sec. of Education, Dr. Bill Bennett, who warned that subsidies allow colleges to raise prices; history has proven them right. While a few other areas (Defense, Social Security, etc.) are larger expenditures, spending can't be cut in these areas, like it can here—so, spending cuts are necessary to stop pouring gasoline on the fire.

Editor's Note: See "[Trump Proposes Limits On Student Loan Borrowing](https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans)," By Zack Friedman, *FORBES*, Tue. March 19, 2019 to verify my claim about Trump: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans> and see <https://www.ED.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference>, the 11-27-2018 speech by Sec. DeVos, to verify my claims about her.

See also: "Our Greedy Colleges," By Dr. William J. "Bill" Bennett, former Secretary of Education under President Ronald Reagan, *The New York Times*, 18 February 1987, LINK: <https://www.NyTimes.com/1987/02/18/opinion/our-greedy-colleges.html>

To put things into perspective, the Federal Reserve just reported that "Between 2001 and 2016, the real amount of student debt owed by American households more than tripled, from about \$340 billion to more than \$1.3 trillion," which, is **an increase** of more than \$960 Billion over a 15-year period, or \$64 Billion/year, or \$175,222,450.38 each day.

Editor's Note: See: "Between 2001 and 2016, the real amount of student debt owed by American households more than tripled, from about \$340 billion to more than \$1.3 trillion." SOURCE: "FEDS Notes: Student Loan Debt and Aggregate Consumption Growth," By Laura Feiveson, Alvaro Mezza, and Kamila Sommer, *The Federal Reserve*, 21 February 2018, Last Update: March 05, 2018, LINK: <https://www.FederalReserve.gov/econres/notes/feds-notes/student-loan-debt-and-aggregate-consumption-growth-20180221.htm>

See also: "Presidential contender wants to wipe out all \$1.6T of student loan debt in the US." SOURCE: "Sanders to Propose 'Revolutionary' End to an 'Absurdity'," By Jenn Gidman, *Newser*, 24 June 2019, LINK: <https://www.Newser.com/story/276912/sanders-plan-that-16t-in-student-loan-debt-gone.html>

And: "Americans owe a staggering 1.6 trillion dollars in student loan debt." SOURCE: "Dozens of Proposals Address Student Loan Debt, but Congress Can't Agree," By Eva McKend (Washington, D.C.), *Spectrum News 1*, 11 September 2019, LINK: <https://SpectrumNews1.com/ky/louisville/news/2019/09/11/addressing-student-loan-debt-crisis>

At a current average interest rate of 4.53% for undergrads (with grads & parent loans even higher), as reported by the U.S. Department of Education (StudentAid.gov), this is over 7.9 Million Dollars of interest alone, each day. Most-importantly, with current student debt predicted to hit two trillion around 2020, according to World.edu, comprising almost ten (10%) of total U.S. Debt, this is a bubble that is bigger than the infamous Housing Crash of 2008. (And even *this* figure may be an underestimate, since this \$2 Trillion figure doesn't include funds students must divert away from retirement savings, parent borrowing, or credit card debt—or even housing debt, which may be "student debt in disguise," since parents are constantly taking out home equity loans & mortgages to help cover their kids' educational costs.)

Editor's Note: See e.g.: "The federal student loan interest rate for undergraduates is 4.53% for the 2019-20 school year. Federal rates for unsubsidized graduate student loans and parent loans are higher — 6.08% and 7.08%, respectively." SOURCE: "Current Student Loan Interest Rates and How They Work," By Teddy Nykiel, *Nerd Wallet*, 01 November 2019, LINK: <https://www.NerdWallet.com/blog/loans/student-loans/student-loan-interest-rates/> And as verified by <https://StudentAid.gov/understand-aid/types/loans/interest-rates>

And: "Americans are beginning to realize that student loans pose a big problem. Total student-loan debt is now well over a trillion dollars (and is predicted to hit two trillion around 2020). About a third of young people who are supposed to be making payments on their loans are delinquent, and there is every reason to suspect that a large chunk of what is owed will not be repaid, with taxpayers picking up the tab...Still, something is going to have to give. In the financial world, people warn that someone is going to have to take a haircut (a loss). It is difficult to see how we can resolve the current student-loan problem without everyone—colleges (both for-profit and nonprofit), students, legislators, taxpayers, etc.—taking a haircut. However, we have a choice: Either we can address the problem of student lending as a whole or we can continue to worry about one mess at a time, until we all find ourselves with really bad haircuts." SOURCE: "Dealing with student loans one mess at a time hasn't worked," By Joel and Eric Best, *World*, 21 March 2014, LINK: <https://World.edu/dealing-student-loans-one-mess-time-hasnt-worked/>

See also: Actually, a large chunk of housing debt may be “student debt in disguise,” since parents are constantly taking out home equity loans & mortgages to help cover their kids’ educational costs, suggesting Student Debt is closer to TWO (\$2,000,000,000,000.00) TRILION Dollars. Source: “Americans Owe \$2 Trillion in Student Loans, We Just Don’t Know it Yet,” By Travis Hornsby, *Student Loan Planner*, 23 July 2018, LINK: https://www.StudentLoanPlanner.com/student-loans-2-trillion/#Add_it_All_Together_and_We_Could_Easily_be_at_2_Trillion_in_Student_Loans

Editor's Note: Even this figure doesn't tell the full story, however, as the estimated \$2 trillion doesn't include funds students must divert away from retirement savings, parent borrowing, or credit card debt.

“From 2006 through 2020, average federal student loan interest rates were: 4.79% for undergraduates 6.36% for graduate students 7.41% for parents and graduate students taking out PLUS loans.” SOURCE: “Average Student Loan Interest Rates in 2020,” By Matt Carter, *CREDIBLE*, 30 December 2019, LINK: <https://www.Credible.com/blog/refinance-student-loans/what-are-average-student-loan-interest-rates/>

This is a complex issue, and one that cannot be solved with simply “spending cuts,” and thus it is necessary to enact “tax” cuts: Tuition, a form of funding going to arms of the government (many state universities), is a form of tax. Short of using “heavy hand” regulation (aka “price controls,” as we do with other monopolies, like insurance, electric, water, telecommunication, and even milk – with regulations enforced by Federal Milk Marketing Orders, etc.), a “Free Market” approach to reigning in skyrocketing tuition is necessary to address both sides of the Higher Education economics.

Editor's Note: Just like when your heart is getting operated on, and the doctor MUST address both “input” and “output” of blood to keep you alive, American Higher Ed will NOT work if we refuse to address both excessive taxation (tuition) and excess spending (of tax dollars), which necessitates Rep. Spano – at the VERY LEAST – push both bills into law. (Even that won't be enough, so compromise is out of the question: If you're a Christian like me, read the book of Revelation, the last book in the Bible, about being “lukewarm” and compromising.)

While “Free College” and “Loan Forgiveness” are popular concepts, they would be very difficult to pay for, and, as a practical matter, politically impossible to pass into law. Thus, I am proud to announce that I have cosigned on to **H.R.2648, the Student Borrower Bankruptcy Relief Act of 2019**, a bipartisan (actually, tripartisan) bill which has Republican, Independent, and Democrat cosponsors—a reasonable compromise to the higher education crisis, but one which does not “compromise” our shared bipartisan values of fairness.

With bankruptcy returned to student loans, as it was just a few decades past, there would be an initial unavoidable spike in filings, but bankruptcy scholar Robert Lawless estimates that in the “steady-state,” annual discharges would plateau & come to less than \$3 Billion per year. (Source: Bob Lawless (U of Illinois), Demos, posted in RESEARCH, November 24, 2015, LINK 1: <https://www.Demos.org/research/no-recourse-putting-end-bankruptcys-student-loan-exception> LINK 2: <https://www.Demos.org/sites/default/files/publications/Bankruptcy-%28mark%29.pdf>) Dr. Lawless' calculations are reasonable when considering that even in a “worst case” scenario, if every student loan borrower filed for—and got—full bankruptcy discharge, this would cost taxpayers almost nothing: Thanks to Obama-era regulations, the Federal Government is now the SOLE lender of all current student loans, having purchased almost all of the current loans:

“As of July 8, 2016, the federal government owned approximately \$1 trillion in outstanding consumer debt, per data compiled by the Federal Reserve Bank of St. Louis. That figure was up from less than \$150 billion in January 2009, representing a nearly 600% increase over that time span. The main culprit is student loans, which the federal government effectively monopolized in a little-known provision of the Affordable Care Act, signed into law in 2010.” (Source: “Who Actually Owns Student Loan Debt?,” by Sean Ross, *INVESTOPEDIA*, Updated Jul 30, 2019, LINK: <https://www.Investopedia.com/articles/personal-finance/081216/who-actually-owns-student-loan-debt.asp>)

In fact, almost all student loans are owned – not guaranteed – by the taxpayer: “Most student loans – about 92%, according to a December 2018 report by MeasureOne, and academic data firm – are owned by the U.S. Department of Education.” (Source: “2019 Student Loan Debt Statistics,” by Teddy Nikiel, *NerdWallet*, December 20, 2019, LINK: <https://www.NerdWallet.com/blog/loans/student-loans/student-loan-debt>)

Even assuming \$2 Trillion, a slightly high estimate, the remaining 8% guaranteed (not owned) would only cost taxpayers \$160 Billion, but even this is high because only about half of the loans are outstanding, and even this is very high because not all would file, and those who did would not get a full discharge unless they were very indigent, thus supporting Dr. Lawless' \$3 Billion/year estimate. Moreover, history supports his estimate:

While many Conservatives are reluctant to embrace Bankruptcy as a Free Market check on skyrocketing tuition or the lending that fuels this dangerous fire, it worked back when we had it for college loans: “By 1977 only .3% of student loans had been discharged in bankruptcy.” <https://www.LinkedIn.com/pulse/history-student-loans-bankruptcy-discharge-steven-palmer> See also the HARVARD LAW REVIEW: “Debunking the first premise is the fact that by 1977, under 0.3% of the value of all federally guaranteed student loans had been discharged in bankruptcy...(See H.R. REP. NO. 95-595, at 148 (1977).)” http://HarvardLawReview.org/wp-content/uploads/pdfs/vol126_student_loan_exceptionalism.pdf

This bill, which has a companion bill in the senate (s.1414), and much bipartisan support, would allow students to discharge their student loan debt through bankruptcy on the same terms as credit card users, and other “unsecured” debt.

Besides curing several constitutional flaws in current U.S. Bankruptcy Code, which currently violates the Constitution's Contract, Uniformity, and *ex post facto* Law clauses, the ability to defend against predatory lending with a threat of bankruptcy discharge would offer a “Free Market” check against rampant tuition inflation: Lenders and Banks would be “think twice” before piling on obscenely high-dollar loans, and be forced to be responsible with college loans—like Credit Card companies, who only lend when they reasonable think the borrower can repay—thus forcing colleges to lower tuition to levels that are sustained by a true free market of student—who no longer have “endless seas” of loans.

Senator Rick Scott: “When I went to college in the 70’s, tuition was as low as \$200 a semester, with no fees that I can remember.” (Press Release dated Tue. 10 Sept. 2019: <https://www.RickScott.Senate.gov/sen-rick-scott-announces-proposals-lower-cost-higher-education>)

Assuming this was January of 1975, this would be equivalent to \$987.89 per semester in an October 2019 (source: <https://data.bls.gov/cgi-bin/cpicalc.pl?cost1=200&year1=197501&year2=201910>) And, WestEgg's calculator gives a similar conversion: “What cost \$200 in 1975 would cost \$943.89 in 2018.” (source: <https://westegg.com/inflation/infl.cgi>) In fact, PolitiFact rated as “Mostly True” the claim that college was once “free” in the United States: <https://www.PolitiFact.com/florida/statements/2016/feb/09/bernie-s/was-college-once-free-united-states-and-it-oversea/>

Both **H.R.9876**, my spending cuts bill, and **H.R.2846**, technically a “tax cuts” bill, would work together to ensure costs of collage are affordable, even if not free: If American Higher Education was the “best in the world” back when a year of college cost the equivalent of \$1,000 per semester – or perhaps free in some places – then, there is no excuse for us to say that's “impossible” for our economy: Putting student into “debt slavery” for decades, and forcing them to delay starting families, buying homes, and enjoying our booming economy, is inherently wrong—and a drag on our economy.

“A quarter of borrowers who take out student loans end up defaulting within five years” according to <https://www.CbsNews.com/news/1-in-4-americans-defaulted-on-their-student-loans-in-five-years/> and the number is probably much greater when considering the “lifetime” of the loans, and not merely the first five years.

Brookings recently reported[a] that defaults run at about 40% for 2004 student loan borrowers, and as those borrowers were only borrowing one-third[b] of what students are borrowing currently, eventual default rates are probably much higher, portending a Bubble much larger than the 2008 Housing Bubble.

[a] <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>

[b] <https://www.WashingtonExaminer.com/opinion/op-eds/one-inexpensive-and-easy-fix-for-the-student-loan-problem>

“**At one end of the spectrum** are the active repayers, those who managed to make timely payments without ever postponing payments or becoming delinquent. About 37 percent of borrowers were repaying their loans without taking any mitigating actions, representing almost 667,000 **borrowers in 2005** with nearly \$13.1 billion in loans. Whether they found making timely payments easy or difficult and whether they restructured their loans into other repayment plans to make the payments more manageable are not captured in the available data. [] **The remaining 64 percent—more than 1.1 million borrowers with over \$25.3 billion in loans—were not actively repaying their loans** for at least a portion of the study period and are likely to be a source of concern to varying extents.” *Source*: “Delinquency: The Untold Story of Student Loan Borrowing,” by Alisa F. Cunningham and Gregory S. Kienzl, Ph.D, A report prepared by: **Institute for Higher Education Policy**, March 2011,

LINK: http://www.IHEP.org/sites/default/files/uploads/docs/pubs/delinquency-the_untold_story_final_march_2011.pdf

Cross-posted: https://www.Bankruptcy-Divorce.com/Bankruptcy-Student-Loan/Delinquency-The_Untold_Story_FINAL_March_2011.pdf

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HOWEVER, if Lawmakers could pass (263-171 in the House) the "Mortgage Bailout" (aka: "Emergency Economic Stabilization Act of 2008") outright giving a "Liberal Free (Corporate) Handout" of Seven-Hundred Billion (\$700,000,000,000.00) Dollars (not counting another \$250 Billion and \$350 Billion in Sec.115) to companies who made bad decisions, and still have a "Bankruptcy Safety Net," the least we can do is return said safety net to student 'loans'.

With over 44 Million students in debt for college, and another 30 or 40 Million who are cosigners, family, or friends, this is now a crisis bubble, which will burst if not put in check. Prior congresses have kept “kicking the can down the road,” an obvious example of rich colleges and banks having their way with lawmakers, even when a large majority of the public favored bankruptcy—even if not outright “free” college—as new research now confirms is happening:

Editor's Note: For proof about “Over 44 Million” Americans have collegiate debt (& more are co-signers / family!!) →

** <https://Breitbart.com/politics/2019/04/12/amnesty-advocates-help-illegal-immigrants-get-collegescholarships-while-44-7-million-americans-saddled-with-student-debt>

** <https://BusinessInsider.com/millennials-college-not-worth-student-loan-debt-2019-4>

* <https://BusinessInsider.com/successful-y-combinator-application-goodly-new-student-debt-startup-2019-4>

* <http://TheFiscalTimes.com/2019/04/22/Elizabeth-Warren-s-New-640-Billion-Student-Debt-Cancellation-Plan>

** “Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.” (Abstract paragraph) Source: “Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens,” by Martin Gilens and Benjamin I. Page, Perspectives on Politics, Volume 12, Issue 3, pp. 564–581, September 2014, © *American Political Science Association 2014*, republished with attribution and used under “Fair Use” legal standards, for scholarly criticism & commentary purposes, DOI:10.1017/S1537592714001595, LINK: <https://doi.org/10.1017/S1537592714001595>

LINK: https://Scholar.Princeton.edu/sites/default/files/mgilens/files/gilens_and_page_2014_-_testing_theories_of_american_politics.doc.pdf

LINK: <https://www.Cambridge.org/core/journals/perspectives-on-politics/article/testing-theories-of-american-politics-elites-interest-groups-and-average-citizens/62327F513959D0A304D4893B382B992B>

LINK: <https://www.Scholars.Northwestern.edu/en/publications/testing-theories-of-american-politics-elites-interest-groups-and->

(More detailed quotes from above paper) >> “In any case, the imprecision that results from use of our “affluent” proxy is likely to produce underestimates of the impact of economic elites on policy making. If we find substantial effects upon policy even when using this imperfect measure [top ten percent earners], therefore, it will be reasonable to infer that the impact upon policy of truly wealthy citizens [top 2%] is still greater.” p.569, par. 2 **[[Editor's note: In an ideal democracy, all citizens should have equal influence on government policy—but as this research paper demonstrates, America's policymakers respond almost exclusively to the preferences of the economically advantaged.]]**

Point: While rich & middle-class agree on many things, when they disagree, the rich win more often, and the “super rich” win even more—almost ALL the time: “As noted, our evidence does not indicate that in U.S. policy making the average citizen always loses out. Since the preferences of ordinary citizens tend to be positively correlated with the preferences of economic elites, ordinary citizens often win the policies they want, even if they are more or less coincidental beneficiaries rather than causes of the victory.” pp.572–573

“We report on an effort to do so, using a unique data set that includes measures of the key variables for 1,779 policy issues. [] **Multivariate analysis indicates that economic elites and organized groups representing business interests have substantial independent impacts on U.S. government policy, while average citizens and mass-based interest groups have little or no independent influence.**” Abstract paragraph

“Further, the issues about which economic elites and ordinary citizens disagree reflect important matters, including many aspects of trade restrictions, tax policy, corporate regulation, abortion, and school prayer, so that the resulting political losses by ordinary citizens are not trivial. Moreover, we must remember that in our analyses the preferences of the affluent are serving as proxies for those of truly wealthy Americans, who may well have more political clout than the affluent, and

who tend to have policy preferences that differ more markedly from those of the average citizens. Thus even rather slight measured differences between preferences of the affluent and the median citizen may signal situations in which economic elites want something quite different from most Americans and they generally get their way.” p.573

“Thus when popular majorities favor the status quo, opposing a given policy change, they are likely to get their way; but when a majority—even a very large majority—of the public favors change, it is not likely to get what it wants. In our 1,779 policy cases, narrow pro-change majorities of the public got the policy changes they wanted only about 30 percent of the time. More strikingly, even overwhelmingly large pro-change majorities, with 80 percent of the public favoring a policy change, got that change only about 43 percent of the time. [] In any case, normative advocates of populist democracy may not be enthusiastic about democracy by coincidence, in which ordinary citizens get what they want from government only when they happen to agree with elites or interest groups that are really calling the shots. When push comes to shove, actual influence matters.” p.573

“Organized Interest Groups

Our findings of substantial influence by interest groups is particularly striking because little or no previous research has been able to estimate the extent of group influence while controlling for the preferences of other key nongovernmental actors. Our evidence clearly indicates that—controlling for the influence of both the average citizen and economic elites—organized interest groups have a very substantial independent impact upon public policy...[] Here, too, the imperfections of our measure of interest-group alignment (though probably less severe than in the case of economically-elite individuals) suggest, *a fortiori*, that the actual influence of organized groups may be even greater than we have found.” p.574

“When the preferences of economic elites and the stands of organized interest groups are controlled for, the preferences of the average American appear to have only a minuscule, near-zero, statistically non-significant impact upon public policy.” p.575

“What do our findings say about democracy in America? They certainly constitute troubling news for advocates of “populistic” democracy, who want governments to respond primarily or exclusively to the policy preferences of their citizens. In the United States, our findings indicate, the majority does *not* rule—at least not in the causal sense of actually determining policy outcomes. When a majority of citizens disagrees with economic elites or with organized interests, they generally lose. Moreover, because of the strong status quo bias built into the U.S. political system, even when fairly large majorities of Americans favor policy change, they generally do not get it. [] A possible objection to populist democracy is that average citizens are inattentive to politics and ignorant about public policy; why should we worry if their poorly-informed preferences do not influence policy making? Perhaps economic elites and interest-group leaders enjoy greater policy expertise than the average citizen does. Perhaps they know better which policies will benefit everyone, and perhaps they seek the common good, rather than selfish ends, when deciding which policies to support. [] But we tend to doubt it. We believe instead that—collectively—ordinary citizens generally know their own values and interests pretty well, and that their expressed policy preferences are worthy of respect.” p.576

We now see that didn't work, so we are trying something different. The bipartisan H.R.2648 would act retroactively to allow bankruptcy for existing distressed college loans: Since the existing student loans of many college students had their bankruptcy rights stripped 'retroactively', this impaired an existing loan contract, and violated the Constitution's Contract and *ex post facto* Law Clauses, making it justified to make the 'cure' retroactive also. Moreover, current U.S. Bankruptcy Code violates the Uniformity Clause, insofar as college loans are NOT uniform: You can ask any college student to verify. This state of affairs is in violation of the Constitution's Uniformity clause, which is a special type of equal protection.

Editor's Note: For proof of my claim that the changes in law “retroactively” stripped college loans of existing Standard Consumer Protections (incl. Bankruptcy), see the “Annotated” version of my guest column in the attachments.

Since it is documented that most of current student loans are in default, and students are not paying on them anyhow, the slight dip in payments from any possible bankruptcy discharges would be very small – and greatly offset by the huge gains that bankruptcy would have in forcing lending downward—thus saving taxpayers Trillions of dollars long-term. The “Free Market”check on excessive predatory lending, which H.R. 2648 would afford, is also necessary to “phase in” President Trump's 'Loan Limits' spending cuts bill, thus ensuring that H.R. 9876 is not too sudden in its effect.

Therefore, in addition to introducing **H.R.9876, Higher Education Loan Limits Act of 2019**, I am proud to cosponsor

H.R. 2648, a bipartisan bill which would return bankruptcy equality to students, knowing that bankruptcy, the “Economic Second Amendment,” worked well in the past. <<Plus, it'll help us get the House back into GOP control! And not lose the Senate or Oval Office.

As proof of need for these bills, please see below for examples of “wrecked lives” due to our failed Higher Education:

Editor's Note: A few things could not fit in my “rough draft” press release, but I'll try and list them here for clarity:

First off, on a personal note, while I agree wholeheartedly that “Free College” & “Loan Forgiveness” are Liberal free handouts, I am personally disgusted and annoyed to no end that my fellow Republicans, who've made it to lawmaker status are OK with the “other 'Liberal' extreme,” e.g., over-taxation, coupled with overspending. Ask any college student if you doubt: This was a 'chief' reason (even if not the only reason), Republicans lost the House of Representatives in the midterms. **Moreover, many of my GOP lawmakers claim to be 'Christian' like myself, but didn't learn the lessons** of how in prior times people were over-taxed— and led to civil unrest in both cases, and thus TO BE AVOIDED: 1 Samuel 22:1-2 (King David—before he was King—got support from many over-taxed citizen) ; 1 Kings 11:42-43 ; 1 Kings 12:1-20 (Solomon's EVIL, STUPID son, Rehoboam committed this sin!) ; 2 Chronicles 9:30-31 ; 2 Chronicles 10:1-19 (Reprise: Solomon's EVIL, STUPID son, Rehoboam). Is it 'OK' to ignore GOD's HOLY WORD, here? And repeat Rehoboam's stupid and foolish mistakes? Oh, really? Lastly, while I'm glad that many of my lawmakers could pay off **their** college loans, I'm upset that they don't see that most of us can't: Look at the implications of the CBS news item above: The 1-in-4 statistic is only for the “first 5” years: The true default rate is probably well-over 50%, which (--1--) will crash the dollar, due to the taxpayer subsidies (--2--) ensure we lose the Senate too, after alienate middle-class & college millennial, and their families who cosign for these ridiculous loans, and lastly, (--3--) Ensure that costs of college are unattainable, thus forcing Americans to be uneducated, which is a serious security and economy risk, as well as something that damages our military and medical fields. (--4--), oh, in case you forgot the “Golden Rule,” it's in both New and Old Testaments of our Bible: LEVITICUS 19:18b, Leviticus 19:34, MATTHEW 22:39b, MARK 12:31b, LUKE 6:31, MATTHEW 7:12. See also this, SOVEREIGN KING JESUS' own words:

“46 And He said, “Woe to you also, lawyers! For you load men with burdens hard to bear, and you yourselves do not touch the burdens with one of your fingers.” “3 Therefore whatever they tell you to observe, that observe and do, but do not do according to their works; for they say, and do not do. 4 For they bind heavy burdens, hard to bear, and lay them on men’s shoulders; but they themselves will not move them with one of their fingers.” [Luke 11:46; Matthew 23:3-4, NKJV]

Gordon's Commentary: 'Lawyers' & others, such as Federal Lawmakers, who “load men with burdens” (by passing laws stripping students' ability to obtain bankruptcy for most college loans -and stripping 'Truth In Lending' requirements to give borrowers fair 'Due Process' notice of this) certainly violate the Golden Rule. Lawmakers are hypocrites: They wouldn't accept this 'too hard to bear' 'burden' on their shoulders!

Lastly, let me remind everyone that our Sec. of Education, Betsy DeVos, who stubbornly refused to comply with a court-ordered forgiveness recently in the fraud-tainted Corinthian college matter, NEARLY GOT ARRESTED for it! My point? Yes, it was mostly her fault for refusing to comply with a plain and simple court order, but it is not lost on me that GOP lawmakers, who held House, Senate, and Oval Office twice in recent decades (ones in GW Bush's first 2 years, and again in the first 2 years of the Trump administration) are greatly at fault: Our **refusal** as supposedly 'morally' and 'fiscally' Conservative Republicans to address the Liberal excesses in Higher Ed taxing and spending placed Dec. DeVos, and her office, in precisely that position, and we must not keep doing that which put us in this place: See the following definition:

INSANITY – noun – Doing the same thing but expecting different results.

As I've said before, I'll say again: We've tried it 'your' way (referring to prior Congresses), and it didn't work, so why don't we go back to what worked before all that: Return Bankruptcy protections (reign in excessive 'tuition tax') and reduce (or preferably eliminate) use of ANY tax Dollar\$ to make or back (guarantee) college loans. Like the “Hyde Amendment,” which prohibits use of ANY tax dollars for abortions: If a student must get a college loans, let them get a private credit card, not use our tax dollars. **Reduction of the tuition tax by these 2 bills would NOT be inflationary, as the “Minimum Wage Hike” others have proposed.**

TOAD FROGS +plus+ slowly heated BOILING HOT WATER (A fable / parable)

The Higher Education staff working for my various lawmakers (my Congressman & Florida's 2 U.S. Senators) are

familiar with my arguments, and seem (in some cases) to have “bought in” to the claims that my proposed solutions ('tax' cut via H.R2648 and S.1414 – and spending cut, which President Trump has requested) are not good – and/or that the current state of affairs is 'OK'. – RESPONSE: This reminds me of the old fable of the “Boiling frog”: The premise is that if a toad frog is suddenly put into boiling water, it'll jump out; however, if it's placed into tepid (luke warm) water, which is slowly brought to a boil, it won't perceive any danger, it won't jump out, and it WILL be “cooked to death” by the boiling-hot water! This is a metaphor for the inability or unwillingness of people (higher ed staff, Federal Lawmakers, news media, and YOU, dear readers!) to react to or be aware of sinister threats (twin threats of growing Student Debt and Skyrocketing college tuition) that arise gradually rather than suddenly. [I invoke this 'slippery slope' argument as a caution/warning against 'creeping normality'.]

Lastly, all the “cool” Higher Ed bills that Sen. Rubio seems to be introducing would ultimately fail if we don't restore “The Economic Second Amendment,” i.e., bankruptcy equality for student loans: Just like in the real world, where the “Second Amendment” protects all others, “The Economic Second Amendment,” aka student loan bankruptcy equality, protect others. If you disagree with this, please “Google” the abysmal failures of The Department of Education's PSLF (Public Service Loan Forgiveness) program, which has like LESS THAN ONE (1%) PERCENT of discharge rates!

Oh, 1 more thing (sorry I'm a bit lengthy, but this one is important) – While I was hoping that my fellow Republicans would support both measures, above, simply because they're **#1. fiscal conservatism**, and **#2. Free Market checks**, and **#3. Moral rights/wrongs**, nonetheless, let me remind you of 3 *other* reasons to support the student loan bankruptcy bill: **4. #Cooperation #Lawmakers First**, with the House under Democrat control, we can't expect them to support our spending cuts if we don't support their tuition/tax cuts, aka bankruptcy equality. **5. #Voters #Elections Secondly**, we lost the House midterms partly (perhaps chiefly) because we snubbed the middle-class (we want bankruptcy but you don't get any). **6. #History #Failure Third and last**: It bears repeating: We've tried it your way for decades—with sick results: Try in my way, for once.~~Gordon Wayne Watts, author of this rough draft (GordonWatts.com / gordonWAYNEwatts.com)

To elaborate on point **6. #History #Failure**, above, let me point out that critics of “Student Loan Bankruptcy” claim that we can't afford it. QUITE THE OPPOSITE: We can't afford its removal and absence! Indeed, King Solomon's writings in the JudeoChristian Old Testament Bible books of wisdom, cleanly & clearly articulate this matter:

“There is a way which seemeth right unto a man, but the end thereof are the ways of death.” PROVERBS 14:12 (Holy Bible, KJV)

Why might this “Proverb” apply? ANSWER: There is a way that seems right (keeping things the way they are, because we supposedly can't 'afford' to return bankruptcy back to Student Loans –as we had in the past – and which worked well). But the end of those ways are economic death! (The dollar crashing because of excessive spending.) IRONICALLY, the return of Student Loan Bankruptcy would STOP 'excessive lending' (by scaring lenders/banks into loaning only what a student could borrow—fearful of bankruptcy defense). This, in turn, would force tuition down (as colleges/universities realised that students no longer had endless “deep pockets” loan funding subsidies to guarantee tuition payment). This would save U.S Taxpayers loads of monies, since they would no longer be forced to subsidize obscene bullying and stupidity that helps no one but a wealthy few in rich banks, colleges, & Universities (which many of us, Conservatives decry as bastions of Liberalism). Yeah, that's right fellow-GOP Republicans & so-called 'Conservative' lawmakers—make the rich Liberals even richer by fraud & deception & theft & violation of Conservative Constitutional principles.

I wonder if anyone knows why I'm including the following Bible passages for my fellow-Christians and lawmakers to read: (Hint: Double-standards, “Golden Rule,” hypocrisy, and deceptive lending or Constitutional Law might be hints.)

13 Do not have two differing weights in your bag—one heavy, one light. 14 Do not have two differing measures in your house—one large, one small. 15 You must have accurate and honest weights and measures, so that you may live long in the land the Lord your God is giving you. 16 For the Lord your God detests anyone who does these things, anyone who deals dishonestly. (DEUTERONOMY 25:13-16, Holy Bible, NIV)

35 Ye shall do no unrighteousness in judgment, in meteyard, in weight, or in measure. 36 Just balances, just weights, a just ephah, and a just hin, shall ye have: I am the Lord your God, which brought you out of the land of Egypt. (LEVITICUS 19:34-35, Holy Bible, KJV)

A false balance is abomination to the Lord: but a just weight is his delight. (Proverbs 11:1, Holy Bible, KJV)

11 A just weight and balance are the Lord's: all the weights of the bag are his work. 12 It is an abomination to kings to commit wickedness: for the throne is established by righteousness. (Proverbs 16:11-12, Holy Bible, KJV)

9 Who can say, "I have kept my heart pure; I am clean and without sin"? 10 Differing weights and differing measures—the Lord detests them both. (Proverbs 20:9-10, Holy Bible, KJV; Cf. Proverbs 20:23)

9 "This is what the Sovereign Lord says: You have gone far enough, princes of Israel! Give up your violence and oppression and do what is just and right. Stop dispossessing my people, declares the Sovereign Lord. 10 You are to use accurate scales, an accurate ephah and an accurate bath. (EZEKIEL 45:9-10, Holy Bible, NIV)

4 Hear this, O ye that swallow up the needy, even to make the poor of the land to fail, 5 Saying, When will the new moon be gone, that we may sell corn? and the sabbath, that we may set forth wheat, making the ephah small, and the shekel great, and falsifying the balances by deceit? 6 That we may buy the poor for silver, and the needy for a pair of shoes; yea, and sell the refuse of the wheat? (AMOS 4:4-6, Holy Bible, KJV)

10 Am I still to forget your ill-gotten treasures, you wicked house, and the short ephah, which is accursed? 11 Shall I acquit someone with dishonest scales, with a bag of false weights? 12 Your rich people are violent; your inhabitants are liars and their tongues speak deceitfully. (MICAHAH 6:10-12, Holy Bible, NIV)

Did you know that the proverb, above, appears TWICE in the JudeoChristian Old Testament Bible, with only 1 word changed? Yes, and if GOD felt it "bears repeating, so do I; It appears on both Prov. 14:12 and Prov. 16:25. Observe:

"There is a way that seemeth right unto a man, but the end thereof are the ways of death." PROVERBS 16:25 (Holy Bible, KJV)

Hear God. BELIEVE God. – >> Obey God.

"In God We Trust" ??

"One Nation Under God" ??

So help me God!

ACTUAL transcript of a US naval ship with Canadian authorities off the coast of Newfoundland in October, 1995. This radio conversation was released by the Chief of Naval Operations on 10-10-95.

Americans: "Please divert your course 15 degrees to the North to avoid a collision."

Canadians: "Recommend you divert YOUR course 15 degrees to the South to avoid a collision."

Americans: "This is the captain of a US Navy ship. I say again, divert YOUR course."

Canadians: "No, I say again, you divert YOUR course."

Americans: "THIS IS THE AIRCRAFT CARRIER USS ABRAHAM LINCOLN, THE SECOND LARGEST SHIP IN THE UNITED STATES' ATLANTIC FLEET. WE ARE ACCOMPANIED BY THREE DESTROYERS, THREE CRUISERS AND NUMEROUS SUPPORT VESSELS. I DEMAND THAT YOU CHANGE YOUR COURSE 15 DEGREES NORTH. THAT'S ONE-FIVE DEGREES NORTH, OR COUNTER MEASURES WILL BE UNDERTAKEN TO ENSURE THE SAFETY OF THIS SHIP."

Canadians: "This is a lighthouse. Your call."

[[Gordon asks: Are U.S. Lawmakers NOT like the American battleship?]]

Source: www.Snopes.com/fact-check/the-obstinate-lighthouse

Gordon says: This is the 'annotated' version—since I am expected to document my factual claims. I will comment in blue...

Can Congressman Spano clean up the excess taxing & spending mess prior Liberal lawmakers left in Higher Education?

Gordon says: This is my proposed title. YMMV = “You mileage may vary.”

By Gordon Wayne Watts / Guest columnist

Published: Some-day-of-week-soon, Hopefully in **October DD, 2019**

On Nov. 16 of last year, The Ledger published my column, decrying skyrocketing tuition & mounting student debt, paid for by our tax dollars.

Gordon says: You can pull up a copy of my 11-16-2018 column, or I'll link it for your convenience—and the convenience of the subject of my column, Rep. Spano and his staff.:

LINK: <https://www.TheLedger.com/opinion/20181116/polk-perspective-rescue-taxpayers-from-mounting-student-debt>

Fair use archives: www.GordonWatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Fri16Nov2018.pdf

Or: www.gordonWAYNEwatts.com/TheLedger-Online-PDF-FairUse-cache-WATTS-GuestColumn-Fri16Nov2018.pdf

Apparently, in response to my column, Sec. of Education, Betsy DeVos, her 11-27-18 speech, 11 days later, repeated my complaints that “Collegiate debt, now almost \$2 trillion, is almost 10 percent of total U.S. debt.” I quote her: “Today, FSA's [student debt] portfolio is nearly 10 percent of our nation's debt. [] Stop and absorb that for a moment. Ten percent of our total national debt.”

LINK: <https://www.ED.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference>

Fair use archives: www.GordonWatts.com/DeVos-speech_11-27-2018_PDF.pdf

Or: www.gordonWAYNEwatts.com/DeVos-speech_11-27-2018_PDF.pdf

Apparently, this chain-reaction even influenced the president to fall in line with Conservative spending cuts: Forbes reported on March 19, 2019 that “Trump Proposes Limits On Student Loan Borrowing.”

MULTIPLE LINKS: "[Trump administration wants to put a limit on student loan borrowing](#)," By Katie Lobosco *CNN*, Tue. March 19, 2019; "[White House eyes new borrowing limits for students](#)," By Robin Meade (via Morning Express) *CNN*, Tue., March 19, 2019; "[Trump Proposes Limits On Student Loan Borrowing](#)," By Zack Friedman *FORBES*, Tue. March 19, 2019; "[PROPOSALS TO REFORM THE HIGHER EDUCATION ACT](#)," From The Whitehouse *The*, MARCH 2019

DIRECT LINK: <https://www.Forbes.com/sites/zackfriedman/2019/03/19/trump-proposes-limits-on-student-loans>

But, despite even getting the president's attention, nothing has changed: Lawmakers didn't grant his request, and Trump, distracted by other issues, has dropped this. Based on that, I maintain my initial prediction of a crash of the dollar if lawmakers refuse to cut spending.

Gordon says: I predicted that in my 11-16-2018 column, linked above.

Enter Ross Spano, our new Congressman: Against all odds (we have over 750 thousand citizens in our District), he invited me to a personal 1-on-1 meeting this past July 30, 2019 (as he has with other constituents).

Gordon says: See attached screenshots or PDF prints of the email which his scheduling staffer kindly sent me. Plus, There were FIVE (5) WITNESSES to our meeting: [#1] God is my witness [#2] Rep. Spano was the host [#3 and #4] Blaine Gravitt and James Jacobs were there [#5] I was the invited guest. (I declined to audio record the meeting—even though it was in a business where there is no expectation of privacy, according to the Morningstar ruling, a Florida case, I felt it would be rude to tape us without their knowledge, permission, & consent. So, unlike my prior “Tele-Town Hall” with retired Rep. Dennis Ross, I have no recordings, and we're on the honour system: I have no motive to lie about my new friend, the congressman, because – remember, now – I'm asking him for something: Legislation. Moreover, it would be morally wrong. (But, plz check with them to verify my factual claims.)

In attendance were myself, Rep. Spano, and 2 senior staff, Blaine Gravitt & James Jacobs; we spoke for 30 minutes, from 1:30—

2:00 P.M.—predictably about unfinished business in higher education.

To be clear, I'm Conservative and DON'T seek Free College, Loan Forgiveness, or Liberal Free Handouts. But tuition is technically a tax: Funding to an arm of government (state government colleges), and students are sorely overtaxed. To mitigate this, I proposed Rep. Spano cosponsor HR 2648, the “Student Borrower Bankruptcy Relief Act of 2019.” This would fix current U.S. bankruptcy law, which **violates the U.S. Constitution's Uniformity Clause**, a special type of equal protection—affording a small amount of “tax reduction” via bankruptcy. Moreover, it would force banks to lower loan limits (because students could declare bankruptcy), forcing colleges to lower tuition to affordable levels (like it was in the past), a sensible compromise between the two extremes: Current Liberal over-taxation supported by RINO Republicans, & the other extreme, Bernie Sanders' 'free' college & loan forgiveness handouts.

Congressman Spano asked me if H.R.2648 was “retroactive” (for past loans) or merely “prospective” (moving forward).

Gordon says: He did say this—ask him. However, the fact that he was unfamiliar with this bill (and had to ask me) might be unnecessarily embarrassing, and you might just reword it to reflect that he had concerns about its retro-activity (and delete that part about him needing to ask me some small detail) – **Plus, deleting a few things might cut down on word count too.**

When I told him the bill would make bankruptcy retroactive, he objected, complaining this wouldn't be fair to those who've paid off their loans. However, what he didn't consider was the fact that the changes in law which STRIPPED my bankruptcy safety net acted “retroactively”: Thus, to be fair, any CORRECTION must be retroactively too! The various changes in Federal Law stripping my existing student loans of bankruptcy **ALSO violated the Constitution's “Contract Clause”**: Were this any other contract, it would immediately void the entire contract!

Gordon sez: I couldn't fit it into my 700-words, above, but the problem here is simply that only like 10 or 20% of ALL student loans will (I estimate) be paid off – but those “top 10 or 20%” are the lawmakers, bankers, & rich university presidents, who lobby for raising loan limits, and putting taxpayer dollars on the hook to give loans to kids that like 80 or 90% will never be able to repay.

Gordon sez: Here's what the Contract Clause and the Uniformity Clause say:

UNIFORMITY CLAUSE:

“The Congress shall have Power To...establish an uniform Rule of Naturalization, and uniform Laws on the subject of Bankruptcies throughout the United States;”

Source: U.S. Constitution, Article I (Article 1 – Legislative), Section 8, Clause 4 – <https://ConstitutionUS.com>

TRANSLATION for our Liberal friends: While The U.S. Constitution does not guarantee bankruptcy rights, it DOES mandate that ANY bankruptcy law that it passes MUST be uniform, but you ask ANY college student: It is not!

CONTRACT CLAUSE:

“No State shall...pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts...”

Source: U.S. Constitution, Article I (Article 1 – Legislative), Section 10, Clause 1 – <https://ConstitutionUS.com>

TRANSLATION for our Liberal friends: Congress may NOT pass a law impairing an existing contract, but, just look below at the long list of like twelve (12) sources that verify that EXISTING collegiate loans had their loan contracts altered (impaired) in any NUMBER of ways, not the least of which was the removal of standard consumer protections, such as bankruptcy, statutes of limitations, fair debt & collection, usury laws, rights to refinance, and Truth in Lending.

Gordon says: I'm claiming that changes in U.S. Bankruptcy law acted “retroactively” to change the terms of my existing loan contract—hold on a sec, while I go Google around to try & verify this tall claim... OK, I'm back – here are some sources to back up my claim:

[[#1]] “Even before BAPCPA, though, options were being closed off. In 1991, **the statute of limitations was eliminated for collections on federally insured student loans**. This provision was later ruled to have **retroactive** effect, **reviving student loan debt that had been previously time barred**. *United States v. Phillips*, 20 F3d 1005 (9th Cir 1994). This extraordinary change put most student loan debtors in the same category as murderers and traitors who can be pursued until death.”

Source: OREGON STATE BAR – article: “STUDENT LOAN VICTIMS – “LET THEM EAT CAKE” By Richard J. Parker Parker, Butte & Lane, PC,” LINK: https://www.osbar.org/_docs/onld/StudentLoanVictimsLetThemEatCakeRichardParker.pdf

SEE ALSO: I'm going to try and attach that PDF download, just to be safe.

[[#2]] “The American Bar Association has sued the federal government, asking the court to order the Department of Education to reinstate a **student loan forgiveness program, which the federal agency had rescinded and applied retroactively to lawyers and others who had worked in what they believed had qualified under the terms of the program as "public service" jobs** at the ABA and other non-profit membership organizations after graduating college.”

Source: COOK COUNTY RECORD, Article: “American Bar Assn sues Dept of Ed over rewrite of student loan forgiveness program rules,” By Dee Thompson | Jan 13, 2017

LINK: <https://CookCountyRecord.com/stories/511071430-american-bar-assn-sues-dept-of-ed-over-rewrite-of-student-loan-forgiveness-program-rules>

[[#3]] “The fundamental unfairness of **retroactive application** of changes in law is well recognized by Congress.”

Source: Title XI Bankruptcy Reform: Hearing Before the Subcommittee on Merchant ...

By United States. Congress. Senate. Committee on Commerce, Science, and Transportation. Subcommittee on Merchant Marine

LINK: <https://books.google.com/books?id=f4CwMY->

[CSxMC&pg=PA77&lpg=PA77&dq="changes+in+law"+"retroactive"+"bankruptcy"&source=bl&ots=1Y39QSIjy&sig=ACfU3U1AtV7WzaQBKqiGdDxDIuHzSrr29w&hl=en&sa=X&ved=2ahUKEwjU7dG8x57lAhUnzlkKHfvJCPsQ6AEwEHoECAkQAQ#v=onepage&q=%22changes%20in%20law%22%20%22retroactive%22%20%22bankruptcy%22&f=false](https://books.google.com/books?id=f4CwMY-CSxMC&pg=PA77&lpg=PA77&dq=)

[[#4]] “**In 1970s, Congress made it effectively impossible to discharge federal student loan debt.** There was an unfounded perception of abuse of the bankruptcy process by student borrowers, even though less than 1% of all federal loans had actually been discharged. In 2005, private loans would face a similar fate. Private lenders argued that changes were necessary to increase the availability of loans, and to keep interest rates from rising to cover the loans discharges. Yet the amount of new private student loans issued annually rose 767% from 1997 to 2005; clearly, issuing loans was not a problem when these protections were still in place. However, Congress removed bankruptcy protections for private loans as well.”

Source: HuffPost – a 05/16/2012 Article: “\$1,000,000,000,000: How Did We Get Here?,” By Jennifer Mishory and Nicholas Kelly,

LINK: https://www.huffpost.com/entry/student-loan-debt_b_1521687

GORDON'S COMMENT: Though not stated, it is obvious: The changes in law affected existing loans retroactively. If you doubt that, then try to discharge my old collegiate loans: Next to impossible because they now have the 'Undue Hardship' standard, which is super hard—unlike credit cards.

[[#5]] “Well, the default rate in the early 90s was already over twenty percent. Loan defaults are the market signaling mechanism that tells us that people cannot afford the loans.

But instead of heeding this signal, what did Congress do? **They removed bankruptcy protections on federal loans in 1998, and on private loans in 2005.**”

GORDON'S COMMENT: Context implies that this happened retroactively to existing loans.

SOURCE:

https://www.reddit.com/r/studentloandefaulters/comments/3nm3iw/americas_crushing_surge_of_student_debt_has_bred/

[[#6]] “In 2005, a Republican-controlled congress under President George W. Bush, with strong support from the financial sector, for-profit colleges, and collection agencies, passed draconian legislation which is putting more and more students into debt that they may never get out of. **The Republican-controlled Congress in 2005 removed bankruptcy protections to those who hold college loans.** This despite the fact that student bankruptcy from student loans was at 1 percent, which is about the same that was found in the rest of society.”

SOURCE: Metro West Daily News: “Guest Opinion: Students are becoming indentured servants,” by Kenneth Pottel, Apr 24, 2014 at 5:22 PM, <https://www.MetroWestDailyNews.com/article/20140424/OPINION/140427755/1996>

Cross-posted apparently to: <https://www.WickedLocal.com/article/20140424/OPINION/140427755/0/araArchiveDetails>

Cross-posted to: <https://www.HeraldNews.com/article/20140424/OPINION/140427755>

GORDON'S COMMENT: He said from it affected “those who hold college loans” – e.g., retroactively. While an opinion piece, they wouldn't let false claims slip in.

[[#7]] “BAPCPA also removed bankruptcy protections on student debt for private student loans. This was the culmination of several decades of reduced protections on student loans, starting in the late 1970s. First student loans weren't dischargeable in bankruptcy during their first five years. Then, in 1996, Social Security payments became eligible to be garnished to pay student loans. In 1998, the statute of limitations was removed so that public student loans were never dischargeable. BAPCPA extended all this to private loans. At the time, the private lender Sallie Mae pushed for this reform above all others. A study by Mark Kantrowitz found that this change did little to increase the availability of private student loans to students with poor credit, which is precisely what it was supposed to do (Konczal 2011).”

SOURCE: “A NEW REPORT BY THE ROOSEVELT INSTITUTE AIMS TO ESTABLISH A SOLID DEFINITION OF FINANCIALIZATION.”

LINK: https://RooseveltInstitute.org/wp-content/uploads/2015/10/Defining_Financialization_Web.pdf

[[#8]] **“Congress removed bankruptcy protections, refinancing rights, statutes of limitations, truth in lending requirements, fair debt collection practice requirements (for state agencies) and even removed state usury laws from applicability to federally guaranteed student loans.** Congress also gave unprecedented powers of collection to the industry, including wage, tax return, Social Security, and Disability income garnishment, suspension of state issued professional licenses, termination from public employment, and other unprecedented collection tools that are used against borrowers for the purpose of collecting defaulted student loan debt.”

SOURCE: NOTO LAW SCHOOL LINK: <https://www.NotoLawSchool.com/student-loan-justice-info/>

GORDON'S COMMENT: Context implies that this happened retroactively to existing loans.

[[#9]] **“In 1998 The Higher Education Amendments of 1998 removed bankruptcy discharge for student loans after seven years in repayment,** and made student loans almost entirely non-dischargeable.⁶ The law took effect on October 7, 1998 and thus borrowers who reached their seventh year of repayment before the reform had discharge available, while borrowers who reached their seventh year of repayment after the reform were unable to discharge their students loans in bankruptcy.”

“⁶There are rare cases in which students loan borrowers can prove undue hardship and discharge student loans. See appendix A for more on student loan bankruptcy.”

SOURCE: Future Conferences - Financial Management Association – Title: “Strategic Default on Student Loans *,” by Constantine Yannelis†, †Department of Finance, NYU Stern School of Business, New York, NY 10012. constantine.yannelis@stern.nyu.edu, October 2016, Abstract – LINK: http://www.FmaConferences.org/Napa/2017/Strategic_Default.pdf

[[#10]] **“Congress removed bankruptcy protections, refinancing rights, statutes of limitations, truth in lending requirements, fair debt collection practice requirements (for state agencies) and even removed state usury laws from applicability to federally guaranteed student loans. Congress also gave unprecedented powers of collection to the industry, including wage garnishments, tax return offsets,** Social Security, and Disability income garnishment, suspension of state issued professional licenses, termination from public employment, and other unprecedented collection tools.”

SOURCE: REVIEW MAGAZINE – Title: “THE STATE OF THE STUDENT LOAN CRISIS: 2014: (A Complete and Comprehensive Assessment),” Posted In: News, Investigative Reporting, National, From Issue 784, By: Mike Shovan, 30th January, 2014 – LINK: <https://www.Review-mag.com/article/the-state-of-the-student-loan-crisis-2014>

– **GORDON'S COMMENT: Context implies that this happened retroactively to existing loans.**

[[#11]] “For evidence of the government’s resolve to remain committed to aligning with keeping moral hazard intact, look no further than the removal of bankruptcy protection. Utilizing moral hazard as a seminal argument, in the late 1970’s Congress **removed bankruptcy protections for student loan borrowers (Hancock, 2009; Pardo & Lacey, 2009).** And today, the government **continues to fight against restoring bankruptcy protections under the Obama administration (Kitroeff, 2015).**”

SOURCE: BY DANIEL A. COLLIER, DISSERTATION

Submitted in partial fulfillment of the requirements for the degree of Doctor of Philosophy in Educational Organization and Leadership in the Graduate College of the University of Illinois at Urbana-Champaign, 201

LINK: <https://www.Ideals.Illinois.edu/bitstream/handle/2142/92952/COLLIER-DISSERTATION-2016.pdf?sequence=1&isAllowed=y>

[[#12]] “–This is NOT a “millennial” issue. There are student loan debtors of retirement age who are having their social security/disability payments garnished because of student loan debt. [] –**The not-so-very-liberal Bill Clinton administration removed bankruptcy protections for student loans in 1998** and decided to garnish social security benefits from debtors in 1996. (Still LOVE Hillary?) Of course our dear friend (fiend?) **George W. Bush kindly placed the final nail in the coffin in 2005 with the Bankruptcy Abuse Prevention Consumer Protection Act** (another Orwellian term for a law that does the opposite of protect consumers.”

LINK: <http://www.meriacairns.com/tag/barbara-ehrenreich>

Sanders' claim that college was once free in America was rated “mostly true” by PolitiFact, because it WAS free in some places & very affordable elsewhere. So, if America had the best higher ed in the world—and was free in the past, it's not unreasonable to enact the more-modest legislation that I request.

Gordon says – here's proof of Sen. Bernie Sanders' (I-VT) claim:

“Was college once free in United States, as Bernie Sanders says?,” PolitiFact, RATED “Mostly True” - By Amy Sherman on Tuesday, February 9th, 2016 at 4:00 p.m. <http://www.PolitiFact.com/florida/statements/2016/feb/09/bernie-s/wascollege-once-free-united-states-and-it-oversea> ; see also: "GERMANY: Hamburg to scrap tuition fees," by: Michael Gardner, UniversityWorldNews.com, 25 September 2011, Issue No:190 <http://www.UniversityWorldNews.com/article.php?story=20110923212949476> ; see also: "Republican Congressman breaks with party, admits college loans deserve bankruptcy," By Gordon Wayne Watts, The Register, <http://GordonWatts.com/BraveRepublicanBreaksRanksWithGOP-HigheEd.html> -

<http://GordonWayneWatts.com/BraveRepublicanBreaksRanksWithGOP-HigheEd.html> Published: Wednesday, April 13, 2016 at 12:34 p.m., -UPDATED: Sunday, September 04, 2016 at 01:24 a.m. (EST-EDT)]

Finally, news outlets reported last week (Oct. 8, 2019) that Sec. of Education Betsy DeVos was about to be arrested for violating a court order for the DOE to stop collecting on student loans from 16,000 students who went to the defunct Corinthian college—whose fraud made students eligible for a special discharge. DeVos is obviously to blame, but I believe lawmakers' refusal to enact the bills I request were partly to blame for her losing her mind. Therefore, I call upon Rep. Spano to pass both the loan limits bill (which Trump, DeVos, & myself have repeatedly requested) as well as HR 2648, a responsible compromise to the Liberal over-taxation ruining any one who aspires to get an education & better themselves. Over 44 million Americans have college debt, & another 30—40 million as cosigners or family, so changes are needed. My proposals, unlike a minimum wage hike, aren't inflationary (don't require printing of new dollars), and thus the preferred way to offer relief to the middle-class.

Gordon says: For proof about “Over 44 Million” Americans have collegiate debt (& more are co-signers / family!!) →

** <https://Breitbart.com/politics/2019/04/12/amnesty-advocates-help-illegal-immigrants-get-collegescholarships-while-44-7-million-americans-saddled-with-student-debt>

** <https://BusinessInsider.com/millennials-college-not-worth-student-loan-debt-2019-4>

* <https://BusinessInsider.com/successful-y-combinator-application-goodly-new-student-debt-startup-2019-4>

* <http://TheFiscalTimes.com/2019/04/22/Elizabeth-Warren-s-New-640-Billion-Student-Debt-Cancellation-Plan>

Gordon says: For proof about DeVos, you may Google her name – its all in the news... – or see here:

** <https://www.NewsWeek.com/betsy-devos-could-face-jail-after-judge-rules-violated-2018-order-1463764>

** <https://www.MetroTimes.com/news-hits/archives/2019/10/08/betsy-devos-could-face-jail-time-for-collecting-debt-from-former-students-of-a-bankrupt-for-profit-college>

** <https://www.MSN.com/en-us/news/crime/betsy-devos-could-face-jail-time-after-judge-rules-she-violated-2018-order-on-student-loans/vi-AAItCZM>

** <https://www.Forbes.com/sites/zackfriedman/2019/10/08/is-betsy-devos-going-to-jail>

** <https://www.UsaToday.com/story/news/education/2019/10/08/betsy-devos-jail-sallie-kim-department-of-education-corinthian-college/3912609002>

** <https://www.LATimes.com/business/story/2019-10-07/judge-rips-into-trump-education-chief-betsy-devos-over-student-debt>

Gordon Wayne Watts (contact him at GordonWatts.com or GordonWayneWatts.com) is a constituent in Rep. Spano's district and a former candidate for the Florida House of Representatives.

Gordon says: I now have a Plant City address (so I can't say I am a Lakeland resident), but I'm still in Rep. Spano's district, have been a past guest columnist of legend, lore, & fame – and (most-importantly) reside in the reading area of The Ledger—which covers all things Spano.

Word count: Not counting the red title or the green footer, my column is 697 words long < 700-word limit.

Gordon says: Here is contact information for Congressman Spano & staff to ask them if I've quoted them correctly:

Washington, DC Office: 224 Cannon HOB, Washington, DC 20515

Phone: (202) 225-1252, Hours: Monday-Friday, 9 a.m. to 5 p.m.

Lakeland Office: 124 S. Florida Avenue, Suite 304, Lakeland, FL 33801

Phone: (863) 644-8215, Fax: (863) 603-0749, Hours: Monday-Friday, 9 a.m. to 5 p.m.

Brandon Office: 10101 Bloomingdale Ave, Suite 202 (upstairs in the CenterState Bank building), Riverview, FL 33578

Phone: (813) 393-5080, Fax: (863) 603-0749, Hours: By Appointment

Emails: info@RossSpano.com, James.Jacobs@mail.house.gov, Blaine.Gravitt@mail.house.gov

Gordon says: Here are the 2 bills in question that need to be passed into law & signed by the tall Orange-haired guy in the Oval Office:

Two (2) Versions of the “Loan Limits” Bill that Pres. Trump requested:

** <https://GordonWatts.com/BILLS-116hr-GWW-proposed-ih.pdf> << Rep. Spano needs to introduce one of the 2 versions.

Or: <https://gordonWAYNEwatts.com/BILLS-116hr-GWW-proposed-ih.pdf>

Here's the bill that would fix several constitutional flaws in existing U.S. Bankruptcy Law:

HOUSE BILL – H.R. 2648: <https://www.Congress.gov/bill/116th-congress/house-bill/2648/text> << Rep. Spano needs to cosponsor.

SENATE Companion bill: www.Congress.gov/bill/116th-congress/senate-bill/1414/text << Sens. Scott & Rubio need to sign on.

Reasons why college loans must be allowed to have Standard Consumer Protections (like bankruptcy, statutes of limitations, Truth in Lending, etc.), and other key "talking points":

~This chart was compiled by Gordon Wayne Watts of Lakeland, Fla.

– UPDATED: Sunday, 23 June 2019

- 1) **“Morally,”** it is immoral for Congress to be 'OK' with all their rich buddies {{Credit Card users, banks, or the über-rich}} being allowed to file bankruptcy, and especially irresponsible Credit Card users (which is 'comparable' to college debt, as it, too, has no collateral), but to deny students. [source: Your conscience]
- 2) **“Practically”** speaking, restoration of these Standard Consumer Protections (particularly, bankruptcy, which acts as an 'Economic 2nd Amendment,' the student's main 'self-defense,' and a Conservative Free Market check against against predatory lending) would scare off lenders, and colleges would lower tuition in response to less “deep pockets” loan Dollar\$. [source: Basic common sense]
- 3) **“Practically”** speaking, since U.S. Taxpayers guarantee these toxic Predatory Loans, and since College Debt is close to 1.4 Trillion Dollars, it is close to 10% of the total National Debt, at the present time. Therefore, scaring off lenders (#2, above) and reversing the obscene increases in Loan Limits, taken together, would prevent the U.S. Dollar from crashing. NOTE: This is a prediction on my part, and I stand by it: If we don't fix the out-of-control skyrocketing Higher Ed debt, the U.S. ***will*** crash the U.S. Dollar, and we'll be like Greece or some 3rd-world nation, whose economy collapses. If it does not happen, then I am crazy, a liar, and a false prophet. [source: This is a conditional “if-this, then-that” prediction, and Time will tell if I'm right.]
- 4) **FACT:** College used to be Free (or very low cost) in America, and is presently Free (or very low cost) in Germany, and other developed nations. Therefore, it is not unreasonable to ask for even more modest reforms –such as those above. [sources: “Was college once free in United States, as Bernie Sanders says?,” *PolitiFact*, RATED “Mostly True” - By Amy Sherman on Tuesday, February 9th, 2016 at 4:00 p.m. <http://www.PolitiFact.com/florida/statements/2016/feb/09/bernie-s/was-college-once-free-united-states-and-it-oversea> ; see also: "GERMANY: Hamburg to scrap tuition fees," by: Michael Gardner, *UniversityWorldNews.com*, 25 September 2011, Issue No:190 <http://www.universityworldnews.com/article.php?story=20110923212949476> ; see also: "Republican Congressman breaks with party, admits college loans deserve bankruptcy," By Gordon Wayne Watts, *The Register*, <http://GordonWatts.com/BraveRepublicanBreaksRanksWithGOP-HigheEd.html> - <http://GordonWayneWatts.com/BraveRepublicanBreaksRanksWithGOP-HigheEd.html> Published: Wednesday, April 13, 2016 at 12:34 p.m., -UPDATED: Sunday, September 04, 2016 at 01:24 a.m. (EST-EDT)]
- 5) **FACT:** While there is much room for improvement, there is some bi-partisan support for some or all of these proposals. [source: "A Polk Perspective: Fix our bankrupt policy on student debt," By Gordon Wayne Watts, Guest columnist, *The Ledger*, <http://www.theledger.com/article/20160804/COLUMNISTS03/160809884/1382/edit?p=all&tc=pgall> August 04, 2016]
- 6) **“Legally,”** current U.S. Laws are illegal, that is, many experts say that current U.S. Bankruptcy Law regarding College Loans is Unconstitutional due to violation of **Equal Protection**. [sources: Connecticut law professor Philip Shuchman testified before Congress that removal of bankruptcy for college loans would violate Equal Protection: "Column: The student loan crisis that can't be gotten rid of," By Maureen 'Moe' Tkacik, *Reuters*, News | <http://www.reuters.com/article/us-student-loan-crisis-idUSBRE87E13L20120815> Wednesday, August 15, 2012, 8:48pm EDT]
- 7) **“Legally,”** when students were not told of the lack of bankruptcy & other 'standard' consumer protections when taking out the loan (which happened because Truth in Lending requirements were removed), **this violated fundamental Federal Due Process**, as it is a law void for vagueness, due to the lack of proper notice. [source: Case Law on laws 'Void for Vagueness,' and U.S. Constitution DUE PROCESS rights]
- 8) **“Legally,”** Title 11, Section 523(a)(8) of U.S. Code (the oppressive law in question), the current U.S. Laws on bankruptcy for student loans, also violate the **'uniformity clause,' Art. I, Sec. 8, Cl. 4 of the U.S. Constitution** [source: "Is the Mark Tetzlaff Case Over at the Supreme Court? Maybe Not., Posted by: Gordon Wayne Watts (Guest Post) (Debt Articles, Student Loan Bankruptcy Discharge), *GetOutOfDebt.org*, <https://GetOutOfDebt.org/98813/mark-tetzlaff-case-supreme-court-maybe-not> March 23, 2016]
- 9) **“Legally,”** another problem exists: The terms of my loan contract were ILLEGALLY changed after the fact, which violate **the U.S. Constitution's 'Contract Clause,' Art. I, Sec. 10, Cl. 1**, which is therefore Unconstitutional, BUT ALSO quite illegal, as you well know. (You just try entering into a contract with ANYBODY about ANYTHING, and try to change the terms without their permission. Just you try it... Not happening -- unless, of course, the victim is the poor, weak college student.) [source: U.S. Constitution as well as case law on Contract Law]
- 10) **The author of #5, above**, nearly won in court on behalf of Terri Schiavo, all by himself, so he ought to know a bit about law. [Sources: [1] *In Re: GORDON WAYNE WATTS (as next friend of THERESA MARIE 'TERRI' SCHIAVO)*, No. SC03-2420 (Fla. Feb.23, 2005), denied 4-3 on rehearing. (Watts got 42.7% of his panel) <http://www.FloridaSupremeCourt.org/clerk/dispositions/2005/2/03-2420reh.pdf> [2] *In Re: JEB BUSH, GOVERNOR OF FLORIDA, ET AL. v. MICHAEL SCHIAVO, GUARDIAN: THERESA SCHIAVO*, No. SC04-925 (Fla. Oct.21, 2004), denied 7-0 on rehearing. (Bush got 0.0% of his panel before the same court) <http://www.FloridaSupremeCourt.org/clerk/dispositions/2004/10/04-925reh.pdf> [3] *Schiavo ex rel. Schindler v. Schiavo ex rel. Schiavo*, 403 F.3d 1223, 2005 WL 648897 (11th Cir. Mar.23, 2005), denied 2-1 on appeal. (Terri Schiavo's own blood family only got 33.3% of their panel on the Federal Appeals level) <http://media.ca11.UsCourts.gov/opinions/pub/files/200511556.pdf>]

- 11) **FACT:** “In 2010 the Department of Education reported collecting \$1.22 for every dollar in defaulted student loans it had guaranteed - and that's after the sharks and their shareholders and the obligatory outright fraud had taken their first round of cuts.” [source: *Reuters* column, by Tkacik, cited above. See also: "Why College Prices Keep Rising," By Alan Michael Collinge, Special to *The Register* | September 16, 2012, originally published at *FORBES*, <http://www.Forbes.com/sites/peterjreilly/2012/03/19/why-college-prices-keep-rising> on Mar 19, 2012 @ 06:43 AM] This suggests to me that those in power don't want to “fix” the predatory lending system, because they would “lose their cut,” and is especially troubling in light of how much “Big Money” salaries there are for University presidents, coaches, and too many wasteful programs & building project, who also want to avoid “losing their cut” of the obscene profits.
- 12) **“Legally,”** yet *another* problem exists: U.S. Colleges & Universities hold a **monopoly** on Higher Education, but it isn't seen (due to the fact that it's so widespread). However, **Dictionary.com** verifies & proves my claim, as it defines a 'monopoly' as: “exclusive control of a commodity or service in a particular market, or a control that makes possible the manipulation of prices. Compare duopoly, oligopoly.” <http://www.Dictionary.com/browse/monopoly> – College price-gouging students are more-able if (since) they hold a monopoly (which we all know is illegal). [source: case-law on monopolies – they're illegal, *hello?*]
- 13) **FACT:** The cost of college has risen VERY much, in comparison to the minimum wage, while the quality of Higher Education has declined, with America slipping farther & farther behind other nations. [sources: You will see this reported everywhere, if you but look.]
- 14) **FACT:** Over 1.2 MILLION people have signed a petition seeking College Loan Forgiveness. [sources: "Support Student Loan Forgiveness," Petition by Student Debt Crisis, <http://pac.petitions.moveon.org/sign/support-the-student-loan> hosted by *MoveOn* circa: 2012 ; See Also: "Will a million online signatures push Congress to take up student loan debt relief?," By Kitty Felde, 89.3, *KPCC, Southern California Public Radio*, <http://www.scpur.org/blogs/politics/2013/03/25/13037/will-a-million-online-signatures-push-congress-to> March 25, 2013 ; See Also: "1 Million People Show Support for Student Loan Forgiveness Act," By Katy Hopkins | Staff Writer, *U.S. News & World Report*, <http://www.usnews.com/education/best-colleges/paying-for-college/articles/2012/06/28/1-million-people-show-support-for-student-loan-forgiveness-act> June 28, 2012, at 4:15 p.m. ; See also: "Student Loans: 1 Million Signatures Delivered Asking Congress To Do More Than Low Interest Rates," By Tyler Kingkade Senior Editor/Reporter, *The Huffington Post*, http://www.huffingtonpost.com/2012/06/27/student-loan-forgiveness-petition-delivered_n_1631852.html 06/29/2012 05:47 pm ET]
- 15) **FACT:** There are horrific “collateral damage” from huge college debt – which results in huge default rates, “including garnishment of wages and Social Security benefits, income tax refund offset and blocking renewal of professional licenses” [source: “Student Loan Debt Settlements,” *FinAid.org*, <http://www.finaid.org/loans/settlements.phtml> by Mark Kantrowitz] – and “Two state legislatures (Iowa and Montana) are considering bills that would repeal laws that allow states to suspend the driver’s licenses of student loan defaulters, Bloomberg reported in a March 25 piece on the topic.” [source: “22 States Where You Could Lose Your License for Not Paying Your Student Loans” <http://blog.credit.com/2015/03/22-states-where-you-could-lose-your-license-for-not-paying-your-student-loans-112628/> March 30, 2015 by Christine DiGangi] – and a spike in the rates of suicide directly attributable to stress from college loans debt [source: see the Feb 05, 2016 intervention in the US Supreme Court case, at these links: http://GordonWatts.com/FannyDeregulation/Tetzlaff-case/DOCKET-15-485_Tetzlaff-v-ECMC.html or: http://GordonWayneWatts.com/FannyDeregulation/Tetzlaff-case/DOCKET-15-485_Tetzlaff-v-ECMC.html – CONCLUSION: When a person loses their chiropractor's license, their driver's license, and/or becomes suicidal, it ****reduces**** – not increases – the ability of the person to pay back the loan. [See also: “These States Will Take Your License for Not Paying Student Loans: Legislators are fighting such rules in several states <http://www.bloomberg.com/news/articles/2015-03-25/these-states-will-take-your-license-for-not-paying-student-loans> by Natalie Kitroeff @NatalieKitro: <http://Twitter.com/NatalieKitro> March 25, 2015 — 11:49 AM EDT]
- 16) **SEE ALSO:** “**The Lasting Impact on Students’ Lives:** I also found that students who graduate with excessive debt are about 10% more likely to say that it caused delays in major life events, such a buying a home, getting married, or having children. They are also about 20% more likely to say that their debt influenced their employment plans, causing them to take a job outside their field, to work more than they desired, or to work more than one job... **What Can Be Done?**... Colleges must also be given better tools to limit student borrowing. For example, college financial aid administrators must be permitted to reduce federal loan limits based on the student’s enrollment status and academic major.” [source: “Why the Student Loan Crisis Is Even Worse Than People Think,” *TIME*, by Mark Kantrowitz <http://time.com/money/4168510/why-student-loan-crisis-is-worse-than-people-think/> Jan. 11, 2016 – *Mark Kantrowitz is one of the nation’s leading student financial aid experts.*] **Gordon Wayne Watts –LAKELAND, Fla., U.S.A.** www.GordonWatts.com / www.GordonWayneWatts.com **UPDATE: See below for 'new' point:**
- 17) **UPDATE: 'New' point ' 17) ' here** → “Morally,” it is immoral for Congress to be 'OK' with all their rich buddies { {Credit Card users, banks, or the über-rich}} being allowed to file bankruptcy, and especially irresponsible Credit Card users (which is 'comparable' to college debt, as it, too, has no collateral), but to deny students. [[This is a reprise of point #1, above, but this time, the source is *different*.]] [source: **The Holy Bible**] In using the Christian Holy Bible as my source, I assume the reader is a Christian (who accepts the Bible as accurate). But, for those who doubt, please see my paper on reincarnation: It seeks to prove this false, but first, I have to show that the Bible is accurate (which I do it 4 ways: (1) It is historically accurate. (2) It is prophetically accurate. (3) It is morally accurate, as a good guide for living. (4) It is scientifically accurate, in its scientific claims. (Bonus: It is self-consistent with itself.) <https://GordonWatts.com/theology/reincarnation.html> **or:** <https://GordonWayneWatts.com/theology/reincarnation.html>

Point 17) (continued – see below)

Point 17) (continued from above)

MAIN REASON that it's not “OK” for Lawmakers to get bankruptcy on standard terms, but not college students: It violates the 'Golden Rule,' as shown by these passages—**and is a forbidden double-standard according to Jesus:**

“**46** And He said, “Woe to you also, lawyers! For you load men with burdens hard to bear, and you yourselves do not touch the burdens with one of your fingers.” “**3** Therefore whatever they tell you to observe, *that* observe and do, but do not do according to their works; for they say, and do not do. **4** For they bind heavy burdens, hard to bear, and lay *them* on men’s shoulders; but they *themselves* will not move them with one of their fingers.” [Luke 11:46; Matthew 23:3-4, NKJV, Words of Jesus in red] **Commentary:** 'Lawyers' & others, such as Federal Lawmakers, who “load men with burdens” (by passing laws stripping students' ability to obtain bankruptcy for most college loans -and stripping 'Truth In Lending' requirements to give borrowers fair 'Due Process' notice of this) certainly violate the Golden Rule. Lawmakers are hypocrites: They wouldn't accept this 'too hard to bear' 'burden' on their shoulders! **By the way, just because student can get “income based repayment,” that doesn't mean everything's alright:** [[1]] It takes several days each year to fill out the paperwork, and re-certify, [[2]] Even IF anything's forgiven eventually, it's “taxable” income, [[3]] People with student debt problems can end up with “bad” credit, which makes it much harder to get jobs, and they can lose their driver's licenses and professional licenses if it does to far, and finally, all those lead to [[4]] Excessive stress, which is bad for the health, and of course, reduces earning potential.

** “...thou shalt love thy neighbour as thyself: I am the LORD.” LEVITICUS 19:18b, Holy Bible, KJV (See also: Leviticus 19:34 – **Note: The Christian Old Testament comprises parts of the Jewish Torah**)

** “...Thou shalt love thy neighbour as thyself,” MATTHEW 22:39b, MARK 12:31b, Holy Bible, KJV

** “Do to others as you would have them do to you,” LUKE 6:31, Holy Bible, NIV

** “Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets,” MATTHEW 7:12 (KJV)

ALSO: College Tuition is a type of “tax,” because it's monies\$\$ going to an “arm of the government” (state government colleges, in this case), and, as collegiate tuition is WAAAY to high, it's safe to say that students are being “over-taxed” big time—which “over-taxing” is FORBIDDEN by the God:

1 Samuel 22:1-2 (King David—before he was King—got support from many over-taxed citizen)

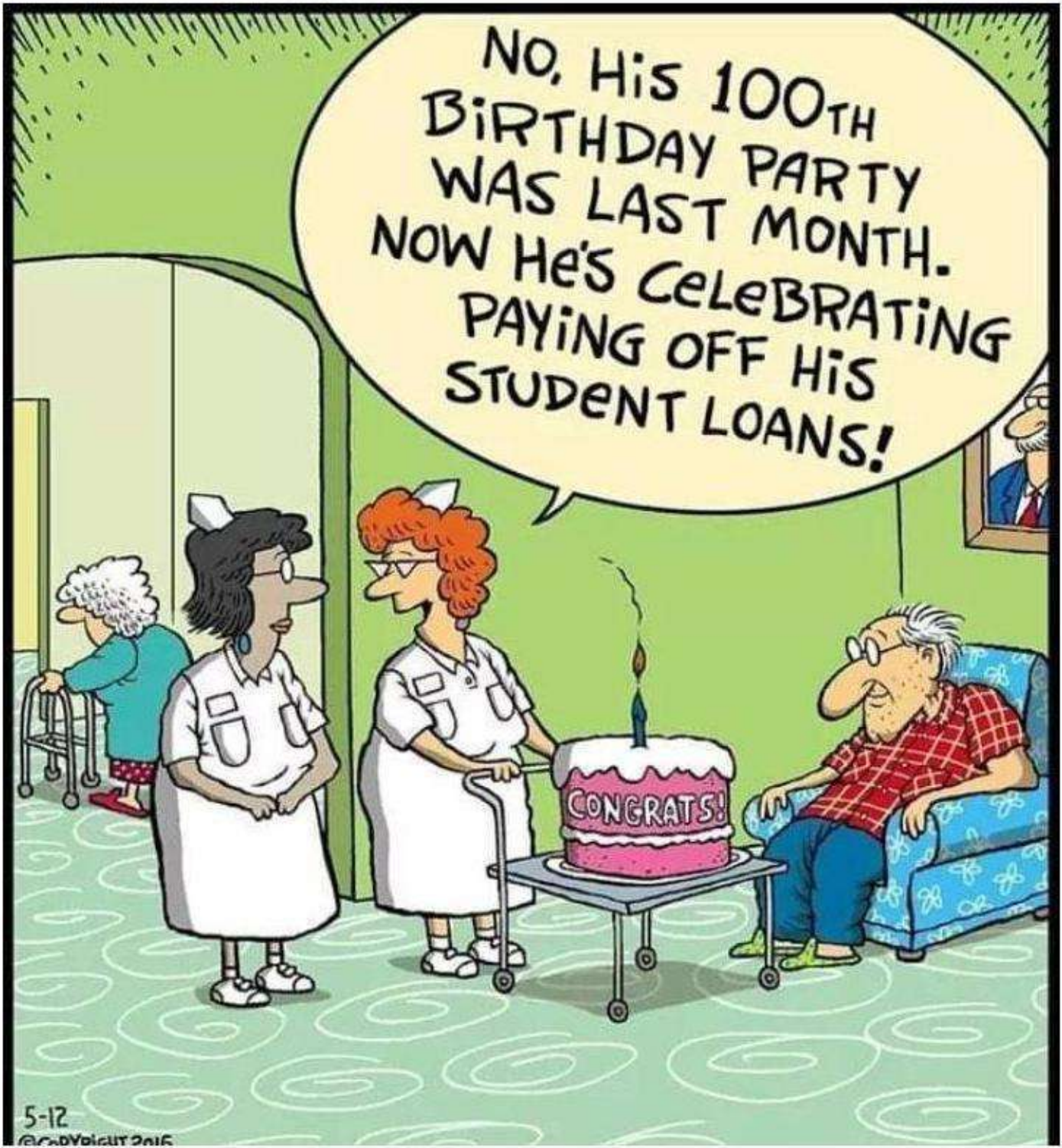
1 Kings 11:42-43 ; 1 Kings 12:1-20 (Solomon's EVIL, STUPID son, Rehoboam committed this sin! And it led to civil unrest, and a brief civil war!)

2 Chronicles 9:30-31 ; 2 Chronicles 10:1-19 (Reprise: Solomon's EVIL, STUPID son, Rehoboam)

LASTLY: The cost of college (already high) get much higher when original loan principal is doubled or tripled due to excessive “interests & fees”: This is forbidden usury (excessive interest) “Charge him no interest or [portion of] increase, but fear your God, so your brother may [continue to] live along with you.” – **Leviticus 25:36 and:** “7 I thought it over and then rebuked the nobles and officials. I told them, You are exacting interest from your own kinsmen. And I held a great assembly against them. 10 I, my brethren, and my servants are lending them money and grain. Let us stop this forbidden interest! 32b ...we shall not buy it on the Sabbath or on a holy day; and we shall forego raising crops the seventh year [letting the land lie fallow] and the compulsory payment of every debt.” – **Nehemiah 5:7; 5:10; 10:32b, Old Testament standards, which are STILL in effect: MATTHEW 5:17 the following: “Think not that I am come to destroy the law, or the prophets: I am not come to destroy, but to fulfil.” See also: “In you they have accepted bribes to shed blood; you have taken [forbidden] interest and [percentage of] increase, and you have greedily gained from your neighbors by oppression and extortion and have forgotten Me, says the Lord God.” Ezekiel 22:12 (Holy Bible, AMP) **Note:** Forbidden interest (usury, excessive interest) is placed alongside murder & bloodshed, hello!?!.. “Not good.”**

CHRISTIANS: We must not fail to obey the authorities over us: 13:1 Let every soul be subject to the governing authorities. For there is no authority except from God, and the authorities that exist are appointed by God. 13:2 Therefore whoever resists the authority resists the ordinance of God, and those who resist will bring judgment on themselves. 13:3 For rulers are not a terror to good works, but to evil. Do you want to be unafraid of the authority? Do what is good, and you will have praise from the same. – Romans 13:1-3, Holy Bible, NKJV [[The “governing authorities” here INCLUDES the U.S. Constitution's “uniformity clause,” Art. I, Sec. 8, Cl. 4 of the U.S. Constitution, which requires that ANY “bankruptcy” law be UNIFORM, but it is not: You ask ANY college student: Section 523(a)(8) of U.S. Code (the offensive law in question), is NOT “uniform,” DOES violate the U.S. Constitution, and therefore DOES violate God's standards in Romans 13:1-3]]

NO, HIS 100TH
BIRTHDAY PARTY
WAS LAST MONTH.
NOW HE'S CELEBRATING
PAYING OFF HIS
STUDENT LOANS!



Summary of Income vs. Outlays: I'm taking a look to see what can be adjusted to **stop overspending**

This summary prepared by Gordon Wayne Watts, Editor-in-Chief, *The Register* (Thursday, 13 June 2019)

2018 Outlays (Spending) by Category

<u>2018 Outlays by Category</u>	<u>Source 1:</u> Official GAO report https://www.GAO.gov/assets/700/698089.pdf	<u>Source 2:</u> House Budget Committee https://budget.house.gov/sites/democrats.budget.house.gov/files/wysiwyg_uploaded/Screen%20Shot%202019-01-18%20at%209.24.39%20AM.png	<u>Comments</u>
Dept of Health & Human Svcs (HHS)	25%	14% (Medicare: Net of offsetting receipts) 11% (Medicaid, CHIP, ACA subsidies) 25% subtotal	These 2 sources agree.
Social Security Administration (SSA)	23%	24%	Very close (1% difference is probably a rounding issue)
Dept of Defense (discretionary)	15%	15%	These 2 sources agree.
Net Interest on Treasury Securities held by the Public	8%	8%	These 2 sources agree.
Income security programs for Dept of Veteran Affairs (aka: "V.A. benefits")	8%	7%	Very close (1% difference is probably a rounding issue)
"All other"	21%	16% "Non-defense discretionary" 6% "Other mandatory" 22% subtotal	Very close (1% difference is probably a rounding issue)
TOTAL	100% \$ 4.5 Trillion (\$4,500,000,000,000.00)	100% (No dollar amount given, but assumed to be the same as the GAO report)	These 2 sources agree.

2018 Income (Revenues) by Source

<u>2018 Revenue by Source</u>	<u>Source 1:</u> Official GAO report https://www.GAO.gov/assets/700/698089.pdf	<u>Source 2:</u> House Budget Committee https://budget.house.gov/sites/democrats.budget.house.gov/files/wysiwyg_uploaded/Screen%20Shot%202019-01-18%20at%209.24.39%20AM.png	<u>Comments</u>
Individual Income Taxes & Payroll Tax Withholdings	83%	49% Individual income taxes 35% Payroll tax withholdings 84% subtotal	Very close (1% difference is probably a rounding issue)
Corporate Income Taxes	6%	7%	Very close (1% difference is probably a rounding issue)
"Other" Revenue	11%	9%	Very close (2% difference is probably <u>several</u> "cumulative" roundings.)
TOTAL	100% \$ 3.4 Trillion (\$3,400,000,000,000.00)	100% (No dollar amount given, but assumed to be the same as the GAO report)	These 2 sources agree.

**** PROBLEM **** – “**Overspending**” isn't just an abstract “number”: If the overspending doesn't stop, then the U.S. Dollar WILL crash (and it can happen in any number of unpredictable ways: An outright market crash, a bubble, a recession, or continued hyperinflation—or all of the above, and it would get worse should we have a war, “foreign conflicts,” a natural disaster, etc.)

**** Proposed Solutions **** – Therefore, in order to avert disaster and avoid a crash of the dollar (like MANY nations here, recently, have encountered—remember?), we can do one of three (3) things:

- ((#1)) Nothing—and accept a crash of the dollar (and the civil & economic unrest associated with it) ;
 - ((#2)) Raise taxes ; or ,
 - ((#3)) Cut spending (or, of course, a combination of the above), so let's get to work!
-
- **Number 1 (do nothing)** is out of the question. *Moving on...*
 - **Number 2 (raise taxes)** is bandied about by “Liberals,” but they fail to realise that raising taxes is bad. Here are two (2) ways it could happen:
 - **[[A]] First, we might raise business taxes**, but this would cause employers to lower wages (thus hurting the middle-class).
 - **[[B]] Secondly, we might raise personal taxes**, but this would take from the middle-class (who is already barely getting by).
 - **[[C]] Summary:** Raising taxes is PRECISELY what was the cause of King Solomon's son being thrown out of office (by 10 of the 12 tribes of ISRAEL), the brief civil war that followed, and also a chief reason the GOP lost the House of Representatives during the 2018 midterm elections: Collegiate tuition, a type of tax because it's funding going to an arm of the government—state govt college, as here—was, and is, oppressively high (and getting worse) – see e.g., the earlier “Letter to the President” dated Wednesday, 24 April 2019 to document this, or, as proof of this, please look in your Bible: **1 Kings 12:1-20** and **2 Chronicles 10:1-19**, for Solomon's son, and even **1 Samuel 22:1-2** for a similar screw-up, ok? *Yeah, go ahead and raise taxes: Anger a few more voters, already...*
 - **Number 3 (cut spending) is the only option left.** (Indeed, if we don't cut spending, we'll have to keep printing up dollars, so-much-so that they'll be fairly worthless at the end of the day: *Spending is inflationary, hello?*) – **So, let's camp out here for a bit & see if we can make some spending cuts:**

First, we need to ask: How much “cut” is needed? Well, we need to bring spending down to (or below) taxation (actually “below” since we have a huge national debt). So, \$4.5 Trillion minus \$3.4 Trillion is 1.1 Trillion Dollars. That is, we'll need to cut the \$4.5 Trillion by about twenty-four (24%) percent to even “hold even,” and more if we're to pay down our nat'l debt and avoid defaulting on the dollar. Let's just say **\$2 Trillion** (or 44%) as a goal...

Proposed Solution: We *could* cut 25% if we cut **all** of the **Dept of Health & Human Svcs (HHS)** spending (14% (Medicare: Net of offsetting receipts) and 11% (**Medicaid, CHIP, ACA subsidies**), 25% subtotal, here. Moreover, we might possibly cut another 23% or 24% if we cut **all** of the **Social Security Administration (SSA)** payouts. But, really, while there is surely a little bit of fraud, graft, & excesses in these programs, good luck on even cutting ONE RED CENT, bud! It is politically (and practically) difficult (if not impossible). ← **BAD SOLUTION. Moving on...**

Proposed Solution: We *could* cut some of the **Department of Defense** (see above: 15% of it is discretionary, and another 16% is non-discretionary, meaning it may be possible to cut non-discretionary spending. So, is this a tenable solution? **Possibly:** Even the Conservative *Tampa Tribune* (which was bought out by the *St. Pete Times*) supported some small cuts:

“We believe those threatened cuts of \$600 billion over 10 years are too deep. They would weaken the military, including MacDill Air Force Base. [] But some cuts are necessary, given the size of the budget deficit. And even with the so-called sequester cuts, military spending would remain far above pre-2001 levels. [] Including the costs of current foreign engagements and adjusting for inflation, the U.S. military is spending far more than at any time since World War II, and almost as

much as then. Military spending has grown 48 percent in the past 10 years. [] The United States is spending about five times what China spends on its military and almost 10 times what Russia spends each year. [] Let's remember Pearl Harbor, and also remember that times and threats do change.”

Source: “Forgetting Pearl Harbor,” by Staff at *The Tampa Tribune & TBO.com*, December 07, 2012:

* **Original Link:** <http://www2.tbo.com/news/opinion/2012/dec/07/naopino1-forgetting-pearl-harbor-ar-579832>

* *The Register* mirror-1 Archive: <https://GordonWatts.com/Twittergate.html>

* *The Register* mirror-2 Archive: <https://GordonWayneWatts.com/Twittergate.html>

* *NewsPapers.com* Archives Link: <https://www.NewsPapers.com/newspage/343076623/>

* *Kathryn's Report* Archive: <http://www.KathrynsReport.com/2012/12/forgetting-pearl-harbor-editorial.html>

* *Archive.org* capture-1: <https://web.archive.org/web/20121231161245/http://www.gordonwatts.com/Twittergate.html>

* *Archive.org* capture-2:

<https://web.archive.org/web/20181001065101/http://www.gordonwaynewatts.com/Twittergate.html>

* *Archive.org* capture-3:

<https://web.archive.org/web/20140830214933/http://www.KathrynsReport.com/2012/12/forgetting-pearl-harbor-editorial.html>

Proposed Solution: ** MILITARY / DEFENSE ** – So, we might possibly cut a “little” bit of the military and defense spending, but is this really a tenable solution? NO! For several reasons: First, as a “political” reality, it's very hard to cut a machine like this, and moreover, as a “practical” necessity, we face more-serious threats of “post Nine Eleven,” if you know what I mean. Lastly, over HALF of defense is “non-discretionary” spending, meaning we'd need to make “fundamental” changes in Federal Law to “reign in” out-of-control military (and nation-building) spending. We can't even pass ANNUAL budgets without much political infighting, how much **less** a change in Federal “non-discretionary” spending. ← **BAD SOLUTION. Moving on...**

Proposed Solution: ** Veteran Affairs aka: “V.A. Benefits” ** – How about a cut in V.A. Benefits? –*Oh, really?* That only comprises about 7% or 8% of the budget. (Besides, cutting this would be VERY politically unpopular, as well as immoral & impractical, regarding our duties to our veterans.) ← **BAD SOLUTION. Moving on...**

Proposed Solution: ** Net Interest on Treasury Securities held by the Public ** – Can we cut (or eliminate) interest we owe to ourselves? Well, about two (2) Trillion Dollars of debt is held by the public (that's you!), e.g., via private pensions, trusts, & insurance contracts managed for individuals' retirement needs. Failure to pay interest owed to Mr. & Mrs. Taxpayer isn't likely to be a tenable or popular “solution”: ← **BAD SOLUTION. Moving on...**

All we have left is the 6% “Other mandatory” from the House Budget Committee data, which isn't a lot. **But is it?..**

Proposed Solution: Let's take a listen one more time to U.S. Secretary of Education, Betsy DeVos: (Yes, I know everybody and their brother hates her guts, for being too “Conservative,” and I'M disappointed that she's too LIBERAL in her financial dealings in the Department of Education, but we're about out of options, and DeVos is 100% correct in her assessment and warnings.) Let's take a listen: “Tuition, fees, room and board have grown at twice the rate of inflation and almost two and a half times median income. [] It has something to do with what one of my predecessors [Dr. Bill Bennett] famously pointed out decades ago. When the federal government loans more taxpayer money, schools raise their rates. FSA financing accounts for 80 percent of the actual tuition and fee revenue received by schools. [] Today, FSA's portfolio is nearly 10 percent of our nation's debt. [] Stop and absorb that for a moment. Ten percent of our total national debt. [] The student loan program is not only burying students in debt, it is also burying taxpayers and it's stealing from future generations.” (**Note: Sec. DeVos doesn't outright call for loan limits, but STRONGLY implies it, ok?**) Source: “Prepared Remarks by U.S. Secretary of Education Betsy DeVos to Federal Student Aid's Training Conference,” By Hon. Betsy DeVos, U.S. Sec. of Education, U.S. Dept. of Ed, November 27, 2018: <https://www.ed.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference> where she went on to say in salient part: “There's a fitting metaphor that comes to mind. When a thunderstorm looms on the horizon, pilots have a couple of choices to make. They can either adjust their flight path ten degrees when they are a long distance away from the storm. [] Or they can stay on their

original course and then be forced to make a jarring and abrupt turn when they fly right up to the bad weather. We face that same decision here.”

Now, her claim that collegiate debt is almost TEN (10%) PERCENT of total national debt is easily verifiable: Student Debt is almost TWO TRILLION (\$2,000,000,000,000.00) DOLLARS, and divide that by total U.S. Debt of slightly over \$20 Trillion, and you get ten (10%) percent, OK?

We recall that President Trump recently called for loan limits for use of tax dollars to make/guarantee collegiate loans, and, more recently, called for a cut in the budget of the Dept of Education (including some ostensibly good programs, like after school programs, and such).

We don't even need to use one single DIME of taxpayer monies to make or back (guarantee) collegiate loans: We got by in decades past **without** subsidising college loans, and, in fact (reference: Bill Bennett Hypothesis – Google that!), when you subsidize anything, costs go up. (Because colleges & banks know students can “afford” more if they have “deep pockets” loans, on the tax dollar.) ← **GOOD SOLUTION. *Let's try this...***

Why not do as President Trump (and many others) have suggested? Let's cut (or eliminate) use of ANY tax dollars to make or back student loans. (In fact, make use of tax dollars for this purpose as illegal as it is for abortions: Anyone remember the “Hyde Amendment,” hello?)

Now, remember that TWO (\$2,000,000,000,000.00) TRILLION “goal,” I outlined above? Well, this is it: This is the “spending” cut which we need. And, the “tax” cut would ensue if collegiate loans had “standard” (not next-to-impossible) bankruptcy discharge standards: Bankruptcy would NOT be inflationary, as it would NOT require the printing of new dollars. And, most-importantly, besides curing Constitutional flaws in current U.S. Bankruptcy Code, it would NOT be a “free handout,” or “bailout,” like we did for sorry businesses, and which was “inflationary.” (Lack of BK protections all but begs for a total “Jubilee” aka “loan forgiveness”—which would effectively occur when the dollar crashes: If the economy has crashed, how could a student loan borrower pay back any loan? This would GUARANTEE the loans never got paid back—**when the dollar crashes**. Now, is ***that*** really what you want? – If not, maybe we'd better get back to “square one” and review ****my**** proposed solutions.)

As outlined in my “Letter to the President” dated Wednesday, 24 April 2019, this 2-fold solution would be a “Conservative” Free Market approach to reign in excesses in taxing and spending. (Or, you might use a heavy-handed “Liberal” approach where you “regulate” tuition, like a public utility, regulate it like the ILLEGAL MONOPOLY that Higher Education us. It's your choice.)

Gordon Wayne Watts, editor-in-chief, *The Register*
www.GordonWayneWatts.com / www.GordonWatts.com

(Page 4 of 9)

→ ***See below for the 2 graphs, which I cited as “sources,” above...*** →

(which would comprise Pages “5, 6, 7, 8, and 9” of this 9-page doc, but not numbered so due to download constraints)



March 28, 2019

The President
The President of the Senate
The Speaker of the House of Representatives

Financial Audit: Fiscal Years 2018 and 2017 Consolidated Financial Statements of the U.S. Government

This report transmits the results of GAO’s audit of the U.S. government’s fiscal years 2018 and 2017 consolidated financial statements. GAO’s audit report is incorporated on page 226 in the enclosed *Fiscal Year 2018 Financial Report of the United States Government (2018 Financial Report)* prepared by the Secretary of the Treasury in coordination with the Director of the Office of Management and Budget (OMB).

To operate as effectively and efficiently as possible, Congress, the administration, and federal managers must have ready access to reliable and complete financial and performance information—both for individual federal entities and for the federal government as a whole. Our report on the U.S. government’s consolidated financial statements for fiscal years 2018 and 2017 underscores that much work remains to improve federal financial management and that the federal government continues to face an unsustainable long-term fiscal path.

Our audit report on the U.S. government’s consolidated financial statements is [enclosed](#). In summary, we found the following:

- Certain material weaknesses¹ in internal control over financial reporting and other limitations resulted in conditions that prevented us from expressing an opinion on the accrual-based consolidated financial statements as of and for the fiscal years ended September 30, 2018, and 2017.² About 31 percent of the federal government’s reported total assets as of September 30, 2018, and approximately 17 percent of the federal government’s reported net cost for fiscal year 2018 relate to significant federal entities that received disclaimers of

¹A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

²The accrual-based consolidated financial statements as of and for the fiscal years ended September 30, 2018, and 2017, consist of the (1) Statements of Net Cost, (2) Statements of Operations and Changes in Net Position, (3) Reconciliations of Net Operating Cost and Budget Deficit, (4) Statements of Changes in Cash Balance from Budget and Other Activities, and (5) Balance Sheets, including the related notes to these financial statements. Most revenues are recorded on a modified cash basis.

opinion³ on their fiscal year 2018 financial statements or whose fiscal year 2018 financial information was unaudited.⁴

- Significant uncertainties (discussed in Note 22 to the consolidated financial statements), primarily related to the achievement of projected reductions in Medicare cost growth, prevented us from expressing an opinion on the sustainability financial statements,⁵ which consist of the 2018 and 2017 Statements of Long-Term Fiscal Projections;⁶ the 2018, 2017, 2016, 2015, and 2014 Statements of Social Insurance;⁷ and the 2018 and 2017 Statements of Changes in Social Insurance Amounts. About \$37.7 trillion, or 70 percent, of the reported total present value of future expenditures in excess of future revenue presented in the 2018 Statement of Social Insurance relates to Medicare programs reported in the Department of Health and Human Services' 2018 Statement of Social Insurance, which received a disclaimer of opinion. A material weakness in internal control also prevented us from expressing an opinion on the 2018 and 2017 Statements of Long-Term Fiscal Projections.
- Material weaknesses resulted in ineffective internal control over financial reporting for fiscal year 2018.
- Material weaknesses and other scope limitations, discussed above, limited tests of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements for fiscal year 2018.

Overall, significant progress has been made in improving federal financial management since key federal financial management reforms were enacted in the 1990s. Twenty-two of the 24 Chief Financial Officers Act of 1990 (CFO Act) agencies received unmodified (“clean”) opinions on their respective entities’ fiscal year 2018 financial statements, up from six CFO Act agencies that received clean audit opinions for fiscal year 1996.⁸ In addition, accounting and financial

³A disclaimer of opinion arises when the auditor is unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly does not express an opinion on the financial statements.

⁴The Department of Defense, the Department of Housing and Urban Development, and the Railroad Retirement Board each received a disclaimer of opinion on their respective fiscal year 2018 financial statements. Also, for fiscal year 2018, the financial information for Security Assistance Accounts was unaudited.

⁵The sustainability financial statements are based on projections of future receipts and spending, while the accrual-based consolidated financial statements are based on historical information, including the federal government’s assets, liabilities, revenue, and net cost.

⁶The 2018 and 2017 Statements of Long-Term Fiscal Projections present, for all the activities of the federal government, the present value of projected receipts and non-interest spending under current policy without change, the relationship of these amounts to projected gross domestic product (GDP), and changes in the present value of projected receipts and non-interest spending from the prior year. These statements also present the fiscal gap, which is the combination of non-interest spending reductions and receipts increases necessary to hold debt held by the public as a share of GDP at the end of the projection period to its value at the beginning of the period. The valuation date for the Statements of Long-Term Fiscal Projections is September 30.

⁷Statements of Social Insurance are presented for the current year and each of the 4 preceding years as required by U.S. generally accepted accounting principles. For the Statements of Social Insurance, the valuation date is January 1 for the Social Security and Medicare programs, October 1 for the Railroad Retirement program (January 1 for 2014 and 2015), and September 30 for the Black Lung program.

⁸The 22 agencies include the Department of Health and Human Services, which received an unmodified (“clean”) opinion on all statements except the Statements of Social Insurance and the Statements of Changes in Social Insurance Amounts.

reporting standards have continued to evolve to provide greater transparency and accountability over the federal government's operations, financial condition, and fiscal outlook.

While the U.S. government's consolidated financial statements provide a high-level summary of the financial position, financial condition, and operating results for the federal government as a whole, the annual preparation and audit of individual federal entity financial statements continue to be critical, among other things, to

- provide individual federal entity accountability to Congress and citizens, including (1) independent assurance, shortly after the end of the fiscal year, of the reliability of reported financial information and (2) association of program costs with related program performance and results;
- facilitate reliable, useful, and timely financial management information at the individual federal entity and program levels for effective management decision-making;
- assess the reliability and effectiveness of systems and related internal controls, including identifying control deficiencies that could lead to fraud, waste, and abuse; and
- deliver early warnings of emerging financial management issues.

Further, annual audits along with congressional and executive oversight provide significant incentives for individual federal entities to maintain reliable financial management information and effective systems and controls.

The preparation and audit of individual federal entities' financial statements have also identified numerous deficiencies, leading to corrective actions to strengthen federal entities' internal controls, processes, and systems. For instance, the U.S. Department of Agriculture took corrective actions to address deficiencies identified during its audits that enabled it to obtain an unmodified audit opinion on its full set of financial statements after 2 years of only receiving an opinion on its balance sheet. Also, management of the Department of Housing and Urban Development (HUD) has developed plans to address the multiple material weaknesses identified by HUD's Office of Inspector General.

However, since the federal government began preparing consolidated financial statements over 20 years ago, three major impediments have continued to prevent us from rendering an opinion on the federal government's accrual-based consolidated financial statements over this period: (1) serious financial management problems at the Department of Defense (DOD) that have prevented its financial statements from being auditable, (2) the federal government's inability to adequately account for intragovernmental activity and balances between federal entities, and (3) the federal government's ineffective process for preparing the consolidated financial statements.

DOD's financial management continues to face long-standing issues. Following years of unsuccessful financial improvement efforts at DOD and consistently being unable to receive an audit opinion on its financial statements, in 2005, the DOD Comptroller established the Financial Improvement and Audit Readiness Directorate to develop, manage, and implement a strategic approach for addressing internal control weaknesses and for achieving auditability, and to integrate those efforts with other improvement activities, such as the department's business systems modernization efforts.

RESULTS IN BRIEF

Highlights of the Fiscal Year 2018 Financial Report of the U.S. Government

Where We Are Now

The government's net cost before taxes and other revenues for fiscal year 2018 was \$4.5 trillion - an increase of \$10.1 billion (0.2 percent) from fiscal year 2017.

Net cost equals gross costs of \$4.8 trillion, less earned program revenues (e.g., Medicare premiums, national park entry fees), and then adjusted for gains or losses from assumption changes used to estimate future federal employee and veterans benefits payments.

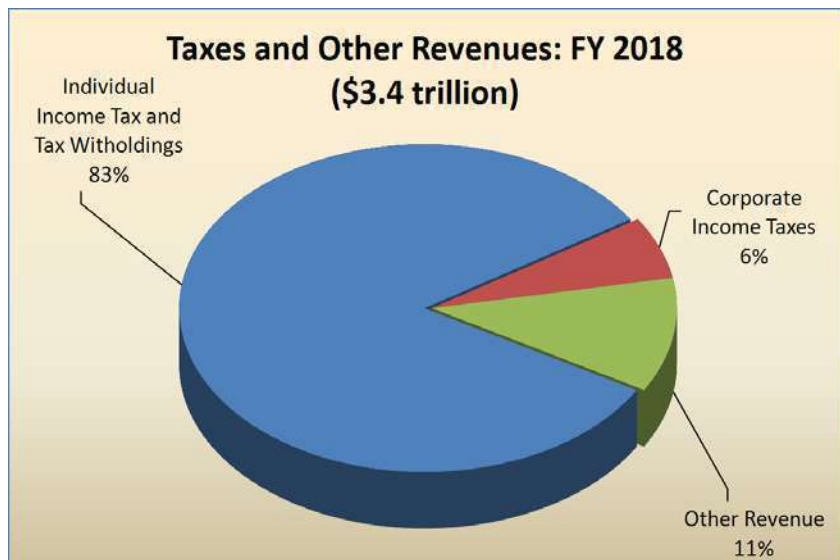
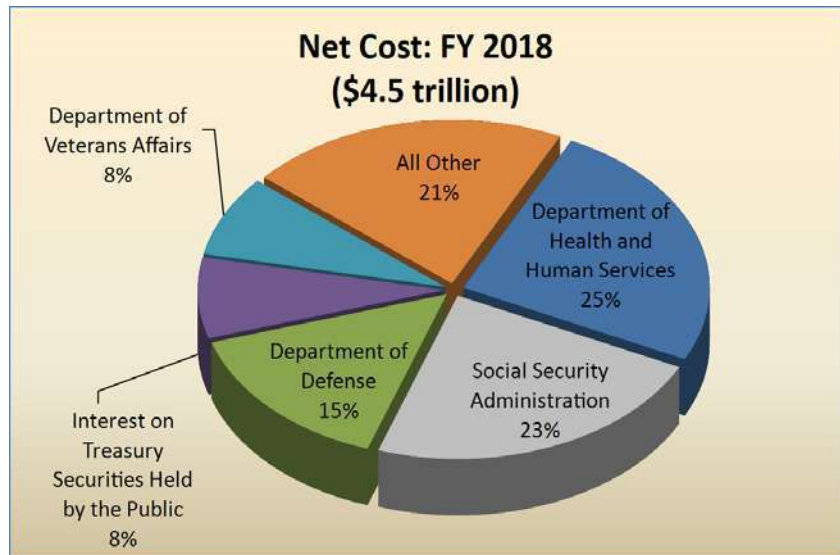
The increase in net cost is the combined effect of many offsetting increases and decreases across the government.

Total government tax and other revenues grew by \$9.7 billion (0.3 percent) to about \$3.4 trillion for fiscal year 2018.

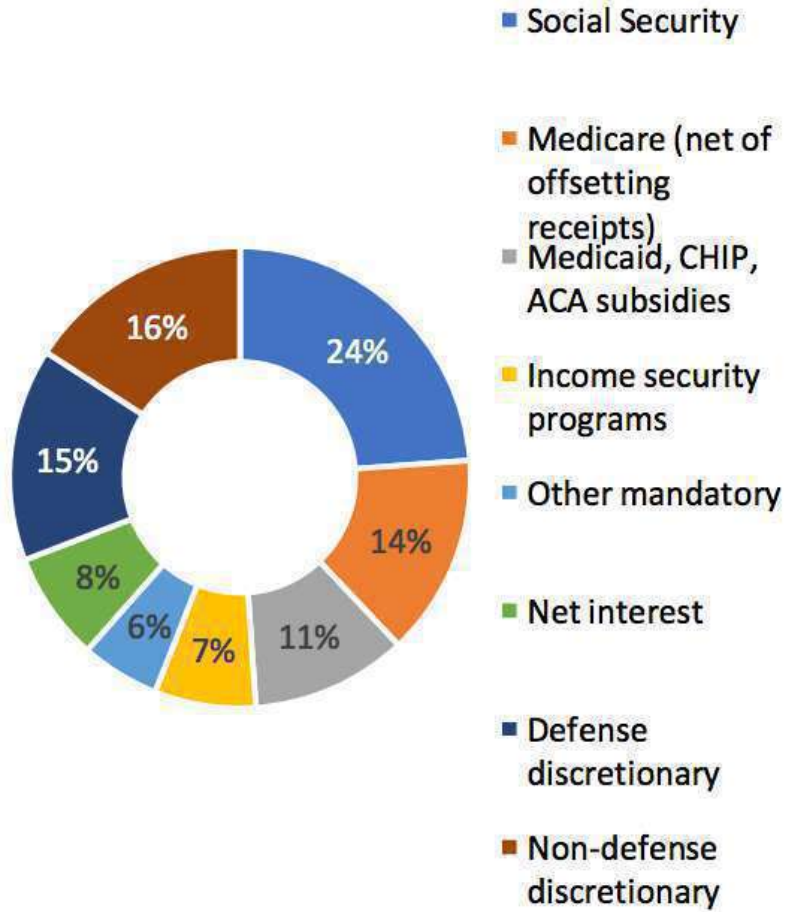
The government deducts \$3.4 trillion in tax and other revenues from its \$4.5 trillion net cost (with some adjustments) to derive its fiscal year 2018 "bottom line" net operating cost of \$1.2 trillion, which is largely unchanged compared to fiscal year 2017.

By comparison, the government's budget deficit for fiscal year 2018 was \$779.0 billion – an increase of

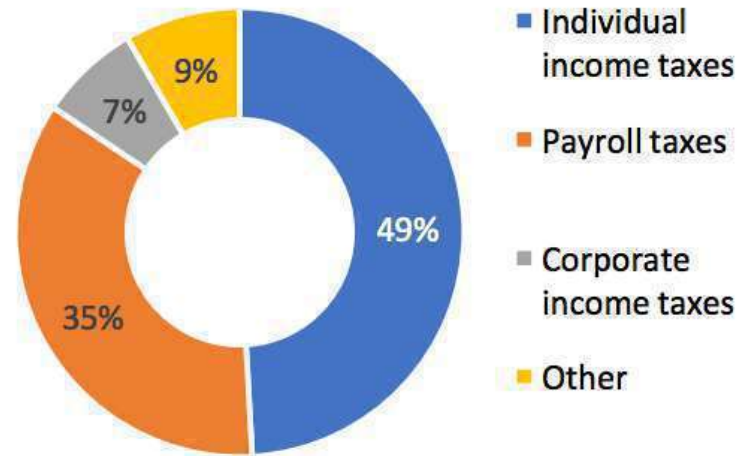
\$113.3 billion (about 17.0 percent) over fiscal year 2017. The \$380.0 billion difference between the budget deficit and net operating cost is primarily due to accrued costs (incurred but not necessarily paid) that are included in net operating cost, but not the budget deficit. These include but are not limited to estimated future costs of federal employee and veterans benefits.



2018 Outlays by Category



2018 Revenues by Source



He was elected by college students...



**...and then SLAMMED them
with \$1 TRILLION IN DEBT!**

StudentLoanJustice.org

Facebook.com/groups/SLJgroup

Comments: Although I'm a "far-right" Conservative Republican, I admit that this 'MEME' is not 100% "literally" true: Indeed, a president (whether a Democrat or Republican) has NO Constitutional powers to "write law." (That's something only Lawmakers can do.) However, Pres. Obama refused to use his "Bully Pulpit" (or threats to veto bills contrary to solving THIS debt problem) in the same way he "pushed" for the ACA, e.g., "ObamaCare."

--- So, this MEME is partly correct.

-- Gordon Wayne Watts (GordonWatts.com or GordonWayneWatts.com)

StudentLoanJustice.org
Facebook.com/groups/SLJgroup



If this man can declare bankruptcy ...

StudentLoanJustice.org
Facebook.com/groups/SLJgroup



... then why can't this student ?

Note:

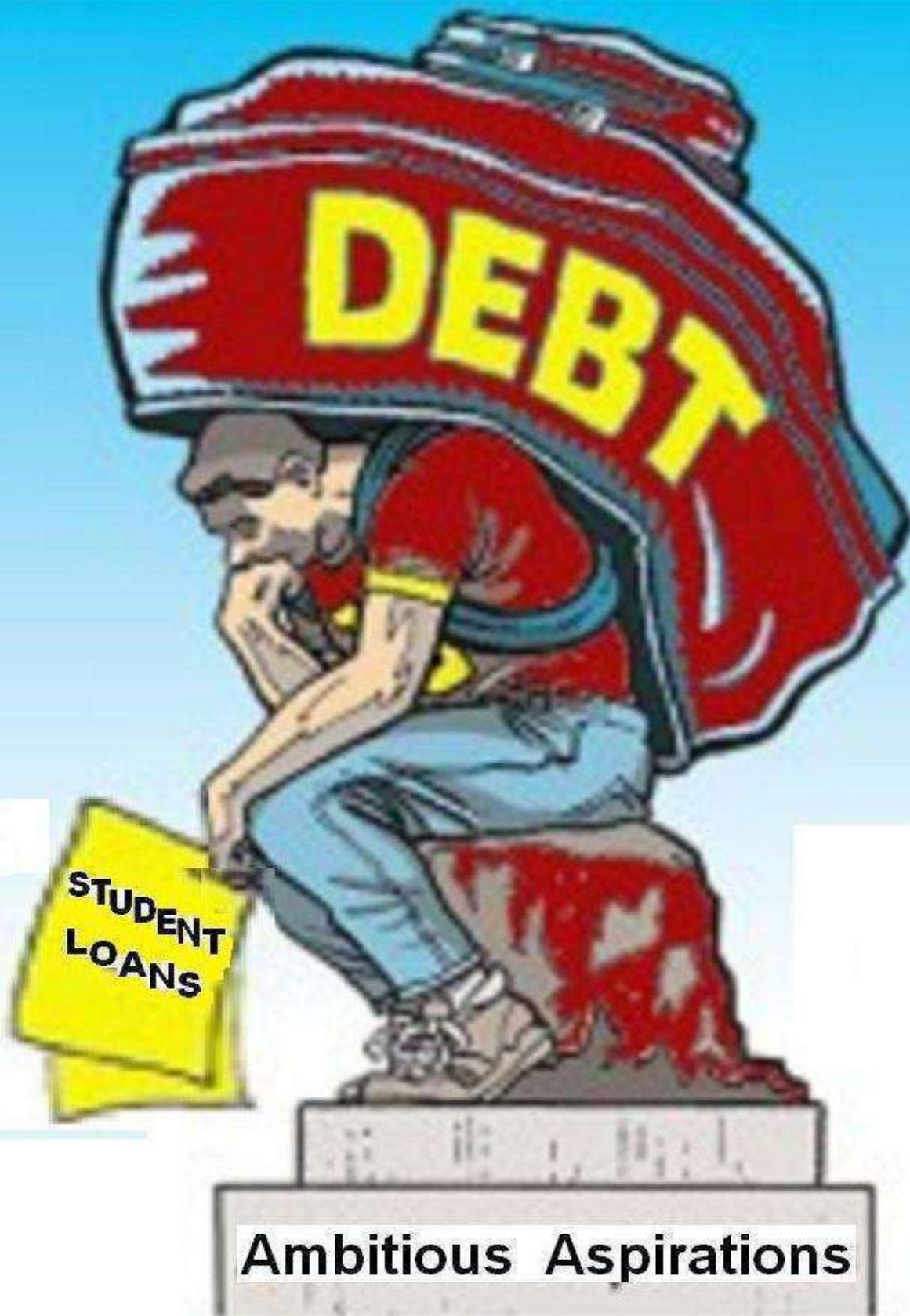
I'm a 'Far Right' Conservative Republican -- and support most, if not all, of President Trump's policies.

HOWEVER, this (MEME) is a fair question.

Moreover, since Pres. Trump is a Christian like myself, he should see that this "double standard" violates what both Jesus and Moses have said about the "Golden Rule": "...thou shalt love thy neighbour as thyself: I am the LORD." LEVITICUS 19:18b; 19:34; MATTHEW 22:39b, MARK 12:31b and: "'Do to others as you would have them do to you," LUKE 6:31, Holy Bible, NIV; "Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets," MATTHEW 7:12, Holy Bible (KJV)

-- Gordon Wayne Watts

(GordonWatts.com or GordonWayneWatts.com)



Ambitious Aspirations

Note: This image (which I edited for clarity a bit) is apparently from <https://www.TheUrbanPolitico.com/2015/04/student-loan-repayment-strike.html> or: <http://Politico164.rssing.com/browser.php?indx=6675974&item=727> and used for commentary and criticism, which I believe is covered under "Fair Use."
-- Gordon Wayne Watts (GordonWatts.com or GordonWayneWatts.com)



"Making public colleges and universities tuition-free, that exists in countries all over the world, used to exist in the United States."

— *Bernie Sanders* on Thursday, February 4th, 2016 in a Democratic debate in New Hampshire

Was college once free in United States, as Bernie Sanders says?

By *Amy Sherman* on Tuesday, February 9th, 2016 at 4:00 p.m.

U.S. Sen. Bernie Sanders made his final pitch to voters in New Hampshire on WMUR.

Bernie Sanders and Hillary Clinton are battling for the "most progressive" label in the Democratic presidential primary, and for Sanders that includes his call for free tuition at public colleges and universities.

During the Feb. 4 debate in New Hampshire, Sanders argued that there is a precedent for free tuition in the United States and overseas.

"Now, all of the ideas that I'm talking about, they are not radical ideas," Sanders [said](#). "Making public colleges and universities tuition-free, that exists in countries all over the world, used to exist in the United States."

How common is free college tuition worldwide and did it used to exist in the United States?

College costs overseas

A spokesman for Sanders referred us to a [2014 report](#) from the Organization for Economic Co-operation and Development, a group that compares data on a variety of topics in advanced industrial nations.

We obtained the [2015 report](#) from OECD that showed the number of countries with no tuition as of 2013-14: Denmark, Estonia, Finland, Norway, Slovak Republic, Slovenia, Sweden and Turkey.

[Germany](#) also now has [free tuition](#) at public universities, although students pay some fees.

"Yes, it's free -- it's the German taxpayer paying for it," said Peter Kerrigan, deputy director of German Academic Exchange Service. "Somebody is footing the bill. It's just not the student."

For the Nordic countries that charge no tuition, individuals face high income tax rates.

The approach to funding higher education "reflects these countries' deeply rooted

social values, such as equality of opportunity and social equity," states an OECD report.

College tuition in the U.S.

College tuition has never been set on a nationwide basis, said John R. Thelin, professor at the University of Kentucky and author of *A History of American Higher Education*. Instead, it has been set by each state or college and is subject to approval by the legislature or board of trustees.

However, there are examples of some colleges or universities offering free tuition decades ago, especially universities established through federal land grants starting in the 1860s.

"Public colleges and universities were often free at their founding in the United States, but over time, as public support was reduced or not increased sufficiently to compensate for their growth in students and costs (faculty and staff salaries, utilities etc.), they moved first to a low tuition and eventually higher tuition policy," said Cornell University professor Ronald Gordon Ehrenberg.

For example, [California](#) offered free tuition to in-state students until the 1970s, although it charged an "incidental fee" starting in 1921.

[Baruch College](#) in New York was founded in 1847 as the Free Academy, the first free public institution of higher education in the nation, according to the college, which is now part of the City University system of New York. At least some students were paying by the early 20th century, and 1976 marked the end of any [tuition-free policy](#).

At the University of Florida, a school catalog from 1905-06 stated: "No tuition is charged to students whose home is in Florida. All other students will be required to pay a tuition fee of twenty (\$20) dollars per year."

Public higher education was often free when a very small percentage of students attended, said Roger L. Geiger, education professor at Penn State and author of *The*

History of American Higher Education: Learning and Culture from the Founding to World War II.

"Historically, many individual institutions refrained from student charges, including early Stanford. Community colleges were often free, being considered an extension of secondary schools." he said.

In Sanders' home state at the University of Vermont, a book about the school's history indicates that tuition was charged in the 19th century. Senior class tuition was \$8.34 in 1827.

"I don't think there was ever a time that UVM did not charge tuition," said Jeffrey D. Marshall, director of research collections.

Sanders talked about public colleges, but we heard about at least one private university that offered free tuition for decades: Rice Institute, later which became Rice University. That university in Texas charged tuition for the first time in 1965. There are also a few small private colleges or universities that are **tuition free** today, such as Berea College.

Our ruling

Sanders said, "Making public colleges and universities tuition free, that exists in countries all over the world, used to exist in the United States."

There are at least nine advanced countries that offer free college, including the recent addition of Germany.

There was a time in the United States when *some* public colleges and universities charged no tuition. However, tuition has never been set as a national policy -- it is a decision for each school or state government officials. And some colleges charged tuition dating back to the 1800s.

Sanders' statement is accurate but needs clarification. We rate this statement **Mostly True**.

Share The Facts



Bernie Sanders

Presidential candidate



"Making public colleges and universities tuition-free, that exists in countries all over the world, used to exist in the United States."



In a Democratic debate in New Hampshire – Thursday, February 4, 2016

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About this statement:

Published: Tuesday, February 9th, 2016 at 4:00 p.m.

Researched by: [Amy Sherman](#)

Edited by: [Angie Drobnic Holan](#)

Subjects: [Education](#), [History](#)

Sources:

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Interview, Andrew P. Kelly, American Enterprise Institute, Resident Scholar in Education Policy Studies, Director, Center on Higher Education Reform, Feb. 9, 2016

Interview, Peter R. Kerrigan, Deputy Director, German Academic Exchange Service (DAAD) in New York, Feb. 9, 2016

Interview, Suzanne Bronski, Baruch College spokeswoman, Feb. 9, 2016

Interview, B.J. Almond, Rice University spokesman, Feb. 8, 2016

Interview, Dianne Klein, University of California Office of the President spokeswoman, Feb. 9, 2016

Interview, Jeffrey D. Marshall, University of Vermont director of research collections, Feb. 8, 2016

Interview, Dennis Kramer, Assistant Professor of Higher Education and the Associate Director of the University of Florida's Institute for Higher Education, Feb. 8, 2016

Interview, Peggy McBride, University of Florida university archivist, Feb. 9, 2016

Interview, Donna Winchester, University of Florida spokesperson, Feb. 9, 2016

Interview, Miguel Gorman, Organization for Economic Cooperation and Development, Feb. 8, 2016

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NEED to IMPEACH

Poll: Would You Convict Trump?

Poll: Do you think Donald Trump should be convicted for obstruction of justice?



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Higher-Ed Tuition Costs: The 'Conservative' view is not on either extreme
Students are told from an early age that an education is the only way to success, and yet when they follow the inevitable path, they are lured into a trap -a debt-trap.

By Gordon Wayne Watts (Editor-in-Chief: *The Register* -- GordonWatts.com / GordonWayneWatts.com)
 (A 377-word Letter on this same topic [[link](#) / [cached copy 1](#) / [cached copy 2](#)] published Sunday, Oct. 18, 2009 in *The Tampa Tribune*, Views section, p.3.; and, a 295-word Letter on this same topic [[link](#) / [cached copy 1](#) / [cached copy 2](#)] published Friday, June 03, 2011 in *The Ledger* (of LAKE LAND, Fla.), Editorial page, p.A8. --

Published: Monday, 28 September 2009 ; **Last Modified: Thursday, 29 September 2016**

NOTE: This short, well-documented research paper (which has been cited[39] in Wikipedia's articles, as well as [The Whitehouse Petitions link here](#)) is only 2,095 words (13,131 characters), according to OpenOffice Word Processor -- Titles, Headers, Updates, Graphs, & citations to Sources (to document some strong claims herein) drive the word-count up considerably, but *The Register* does not stop short to cite our sources.

Position Paper -- A well-documented study into the U.S. Higher Ed crisis: Causes of skyrocketing tuition and declining quality of institutions of Higher Education in America -- Proposed solutions

We think of conservatives as right extremes & liberals as left, polar opposites. However, true conservatives are in the middle (on this matter anyhow), liberals on the extremes. First, the history:

In the 1956-57 school year, one source[1] reports a year of college cost \$138, and another source[2] is in close agreement. But remember we have to adjust for inflation: The \$138 figure is about \$1,062.71 in 2008 dollars[7], probably the same for 2009, considering the year's inflation[3] was about 0.1%. However, nowadays, the same year of college costs about \$10,066, about a 10X increase. Other sources[4-6] indicate a cost of \$6,142.58 for tuition and \$6,920.94 for housing, for a total of \$13,063.52 per year, even higher than the \$10,066 fig.

Drug users and the criminally insane can take out a line of credit, and run up tons of debt and (although it's hard) still declare bankruptcy.[8-11;36] However, student loans are unique among all loans in the lack of standard consumer protections (truth in lending; bankruptcy proceedings; statutes of limits; the right to refinance; adherence to usury laws; and, Fair Debt & Collection practices, etc.) afforded the borrower.[12-14] (If institutions of Higher-Ed knew that students could declare bankruptcy, they would be more apt to charge a fair, free-market value for their product -instead of monopoly-style collusion to keep both tuition principle as well as interest rates[36] high -with garnishment and collection and powers that a mobster would envy.)

The fact that this has driven many students to suicide[15-18;36] is not without merit: You used to never hear of student loan suicides -this has only now become a crisis in Higher-Ed recently. (Their blood should count for something.) OK, that's the problem: Skyrocketing Tuition & 'Tuition Bankruptcies,' like 'Medical' & 'Housing Bankruptcies.' If Education is the BACKBONE of America, we have a BROKEN BACK. However, have you considered why this has only now occurred? Let's eliminate higher quality as an explanation for the tuition increase. Mainstream media[19-21] claims education quality has actually decreased; Sean Hannity & I both agree[22] that quality has plummeted, so higher tuition isn't due to better quality.

Any guess why skyrocketing tuition increases have only NOW become a problem? Yes. Since government keeps bailing out[Figure-3] Higher-Ed with our tax dollars[Figure-2] for grants & loans to students and funding of colleges & universities, these institutions have guaranteed income, thus no incentive to lower prices to Free Market supply &

demand values. Put another way, they could care less if you go bankrupt & screw-up your life trying to pay off your debt: They've already gotten bailed out[Figure-3] in advance. Picture this: Let's say every restaurant & supermarket is subsidized by Big Brother using tax dollars: Would they be hurt if they charged say \$100 for a Big Mac, eventually bankrupting you? No. This isn't the first time the concept of either expensive food[23] or over-taxation[24] has surfaced. Same with Higher-Ed, the Housing Market, and Social Security. Because of inefficiency & graft, both Hannity & I also agree[22][Figure-2] that tax dollars don't need to keep going to Higher-Ed: Let them stand or fall on their own merit -free market style.

It seems that every time Congress raises the loan limits for Student Loans, and students can afford more (read: go deeper in debt), colleges mysteriously find new excuses to raise the tuition. "Things that make you go 'hmm...!'"

Here's where I break ranks with Sean: He feels no matter what government throws at us, we can somehow pay off bills if we work hard from 6am-midnight.[22] NOT. *Here's where liberal extremes come in:*

*** On one extreme:** You have people asking for free handouts. They don't want to pay for ANY education: Let the government do it all: That's how Sean classed me in his recent show.[22]

*** On the other extreme:** You have today's students paying MORE than their fair share, FAR more than peers of yesteryear, for an education whose quality has actually gone DOWN, not up. Since most colleges & universities are state-owned & state-funded and practically ALL institutions of higher ed, even private colleges, receive funding from tax dollars[Figure-2] through grants & loans (not to mention being tightly regulated by government as well), they're a de facto ARM of government. Thus funding influx (e.g., tuition) is effectively a tax by the very definition. And if you have someone like Hannity defending extortion of students by a tax[22] which has already increased 10X, you're effectively supporting tax increase.[24] [This extreme is also "Blue-State"-liberal.](#)

Therefore, having each student owe only the actual value of his/her education would be the conservative thing to do[Figure-1] because it falls under moral rights & wrongs as a right thing. Jesus even asked followers[25] that if someone wanted you to go 1 mile to go 2 (e.g., 'double'). So there's a good case to be made that paying 'DOUBLE' (that is, 200%) is also OK since many fiscal conservatives are also religious conservatives thus in alignment with Jesus' creed. Society has finally gotten rid of the scourge of slavery[26] -or have we[38]? Now they've found a way to snare a whole new group: "Debt Slaves"[26-27,38] of all races, creeds, and genders -who they would put in bondage for life under crushing debt. So, immediate forgiveness of the debt[28] of those overcharged would be the only way to right the wrongs and then reset the debt owed to 100%-200% of actual costs. For those who've already somehow paid back their debt, this is stickier. Either these students would have to forgive the government or they might get free education for family members, but to outright refund them cash, even if morally justified, might have an extreme inflationary effect as the number of dollars in circulation increases. Besides being the morally "right" thing to do, when these debt slaves[26-27,38] are freed, they will be able to spend more money on basic necessities -thus stimulate the economy; the only ones who would suffer are the banks and lenders - who profit off of others' financial ruin. Colleges made do in the past & they'd make do now to learn to live within their means, stop paying exorbitant salaries, funding stupid building projects, unnecessary clubs & activities.[33] We've done it before -we must do it again: **"Red-State"-Conservatives must once again save the future.** *(PS: If you're a liberal reading this, you should realize that this affects you too and that we must put aside pride and work together, lest 'divided we fall' -under the weight of crushing and enslaving debt.)*

Furthermore, in the absence of fundamental consumer protections (truth in lending; bankruptcy proceedings; statutes of limits; the right to refinance; adherence to usury laws; and, Fair Debt & Collection practices, etc.), the government and lenders (banks) make more money in interest and particularly, in fees, if the student defaults on the loan, so there is a greater financial incentive/motive for the government & banks to NOT help the student avoid

default.

Therefore, seeing the crisis as outlined in this research paper, I would call upon Federal Lawmakers to pass legislation to:

**** -A- **** Prevent any more tax dollars[Figure-2] from going to Higher-Ed (be they grants(*) or loans – State or Federal tax dollars)

(*) *NOTE: Gordon Wayne Watts, the author of this Position Paper, has reconsidered his view of elimination of grant monies, funded by taxpayer dollars, and now would support *limited* grant monies to offset the very large loss if Federal Law prohibited the government from making or guaranteeing loans. Liberals are partly right on this point: The money to run institutions of Higher Education must come from somewhere. However, the use of *any* grant monies must be conditioned upon the frugal use of said tax dollars, which, in plain English, to conservatives like Mr. Watts, means that these institutions can not use monopoly-style collusion and, in the case of State Colleges, can not impose an excessive tax (tuition is a form of tax, as it flows to an arm of the government, State Colleges), *and* must exercise personal responsibility and must neither spend lavishly, nor succumb to the pressures to distort the market, by charging an artificially inflated high tuition, should grant and/or loan monies become available. Only then, if responsible spending practices were adhered to would Mr. Watts be OK with use of taxpayer-funded grants to replace or offset losses if and when loans are discontinued or sharply curtailed.*

-- As in housing, this influx has distorted the market, resulting in higher tuition. Taxpayers get raped twice by bailing-out[Figure-3] Higher-Ed:

-1- Once because it inflates tuition by enabling colleges' 'addiction' to tax-dollars.

-2- Secondly, this 'addiction' is enabled by your tax dollars[Figure-2] -it costs you.

**** -B- **** Grant immediate forgiveness[14,28,36] to all unpaid student loans -and reset the debt to require students to owe only the free-market value of their education[Figure-1] (or, up to perhaps twice the Free Market value –but no more), not the exorbitant prices[36] they were price-gouged through the monopoly-style collusion of the institutions of Higher-Ed & lenders/banks with the Federal Government.

**** -C- **** Although government regulation of tuition (e.g., a "Tuition Freeze") would normally be "Big Government Interference," and thus liberal, there is precedent that "Utility Ratemaking" would be appropriate to control (by regulation) the costs of tuition, as is done with other industries classified as public utilities. Higher Education, legally, and by the definition, constitutes a public utility since such businesses constitute a de facto monopoly for the services they provide within a particular jurisdiction. Since a monopoly exists when a specific person or enterprise is the only supplier of a particular commodity, it can be argued that colleges are an enterprise, or group of businesses that have sole access to a market of higher education, as they are the only supplier of a college degree, and are thus comparable to the monopoly of a group electric companies, who are the sole supplier of electricity, and thus subject to government regulation of rates. While this approach is used successfully in many other industries where a monopoly would otherwise threaten the consumer, it is "liberal," and can not work in isolation, and thus, the other solutions outlined in this essay must also be employed in order to save the quickly-sinking Higher Education industry in The United States.

**** -D- **** Other countries, such as Germany, have colleges that charge a student based on what they earn after they graduate, either via a voluntary contractual agreement known as a 'Tuition Contract' or by involuntary regulation of fees by the government.[40] This method offers an incentive to colleges and universities, to provide a quality education, sufficient to enable their students to get a decent job.

**** -E- **** [{{(SAVING THE BEST FOR LAST)}}] However, since most Lawmakers are cowards, and don't have the 'guts' to do A, B, C, or D, then here's an alternative: Return that standard consumer protections to Student Loans (truth in lending; bankruptcy proceedings; statutes of limits; the right to refinance; adherence to usury laws; and, Fair Debt & Collection practices, etc.) -that were recently removed.[12-14] WHY? Because, if Colleges/Universities knew that students could declare bankruptcy, they'd be more apt to charge a fair, free-market value for their product -instead of continued indentured servitude slavery debt[26-27,38] for life -and, of course, this would afford life-saving relief to ALL students, past, present, and future –and set free a whole new generation of slaves: Debt Slaves.[26-27,38]

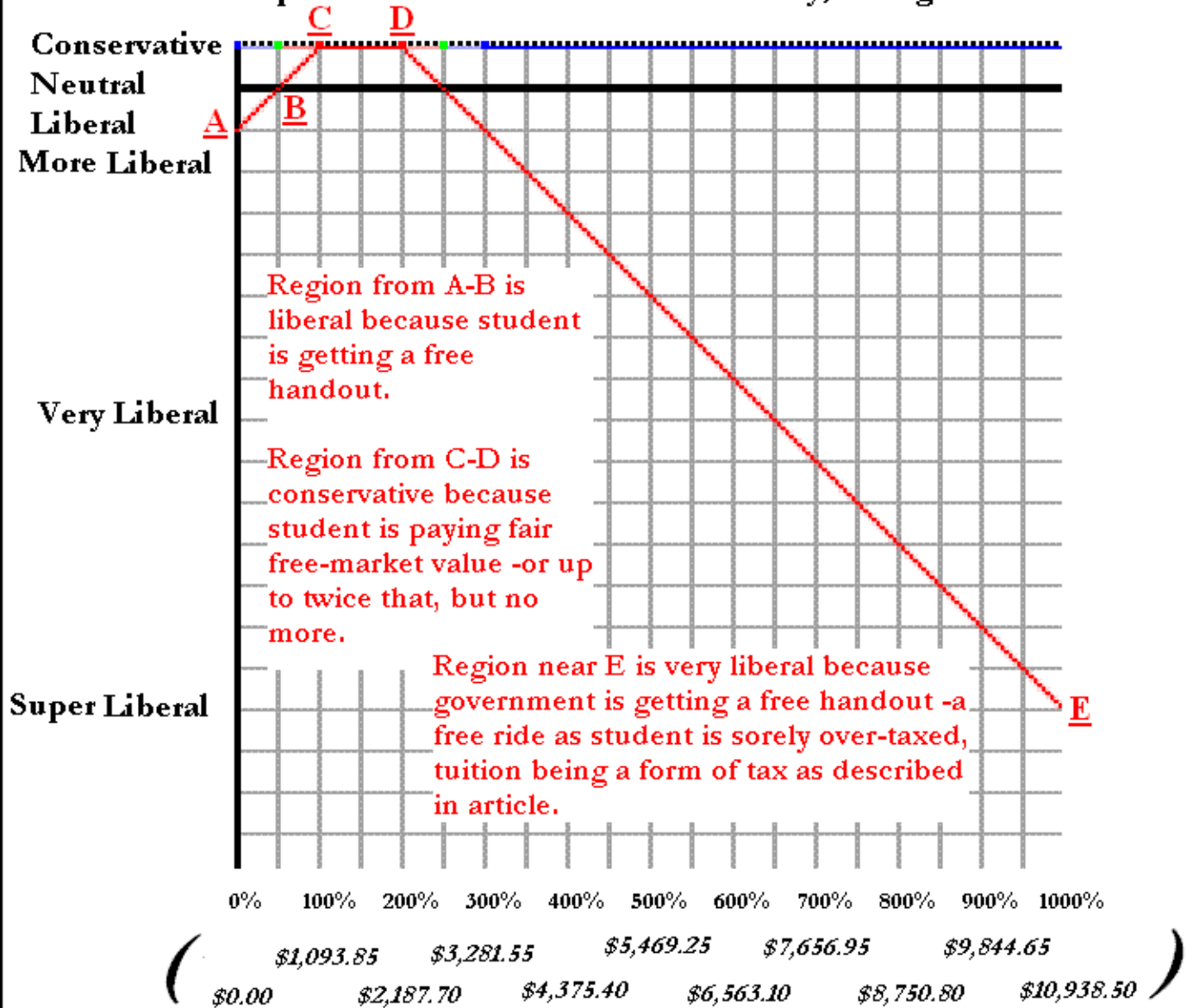
If these five requirements were made Federal Law[34], then institutions of Higher-Ed, like Wal-Mart's, MacDonald's, and K-Mart's, could experience the free market pressures to offer a higher quality -not a propped up house of cards -which has been the source of the problems thus far. (*And, yes: Just like the 'Housing' bubble burst, the 'Education' and 'Healthcare' bubbles will burst too if major changes are not made -and the economy *will* crash.*) These universities & banks know students must go to college to even have a 'chance' at a job in this economy, so big banks & liberal colleges have a 'captive audience': Their targeting of students is like 'shooting fish in a barrel': These students don't stand a chance when tuition rates are obscenely exorbitant. **Students are told from their youth[35] that they need an education to compete in today's world; let's not punish them for doing what is right.**

However, any Congressman/Congresswoman or Senator unwilling to pass these basic consumer protections for Student Loans is suspect for influence from huge campaign contributions by banks and bankers, unwilling to give up the 'mobster-like' protection from a student's ability to declare bankruptcy. Just remember one thing: "Follow the money."

Gordon Wayne Watts received a Bachelor's degree from The Florida State University with a double major in Biological and Chemical Sciences with honors and was the valedictorian from United Electronics Institute. Watts, a non-lawyer, is best known for his lawsuit on behalf of Terri Schiavo[29], which lost 4-3 in the Florida Supreme Court, arguably doing better than even then Governor Jeb Bush's similar suit[30] (lost: 7-0) or Terri Schiavo's own family's federal case[31] (lost: 2-1). Mr. Watts, who ran unsuccessfully for Dist. 64 Fla. House of Representatives[32], is a part-time political activist while he searches for a full-time job in his field.

Political Ideology :

as measured by how much tuition per school year respondent demands of each University/College student



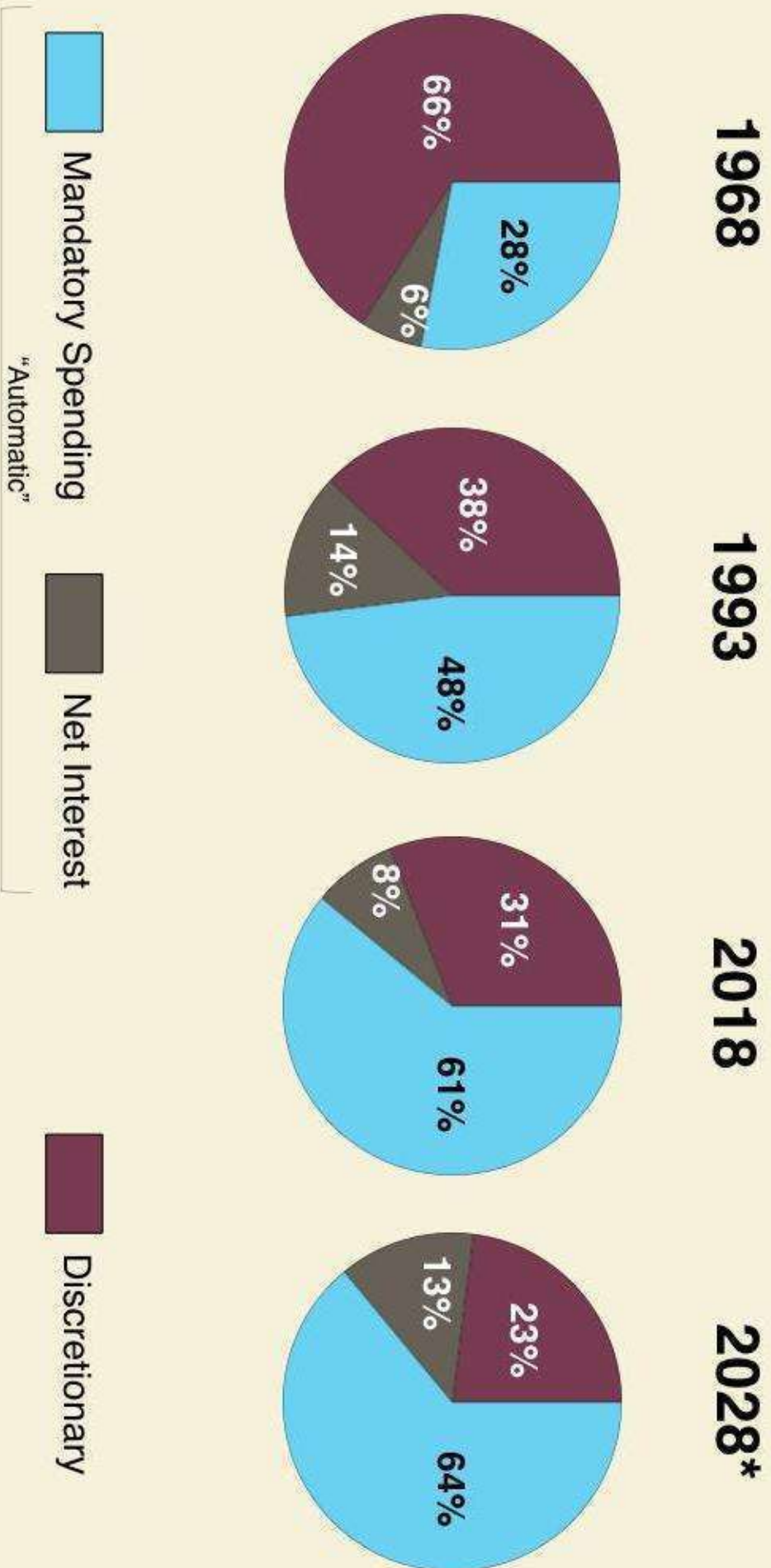
Percent of actual free-market value

(Amount in 2008/2009 U.S. Dollars)

(Where \$1,093.85 is 100% of the free-market value of one school year of higher education as shown by the inflation-adjusted cost of tuition before government subsidies distorted the market -as described in the related article.)

FIGURE 1

Automatic Expenditures Are Consuming a Growing Share of the Budget



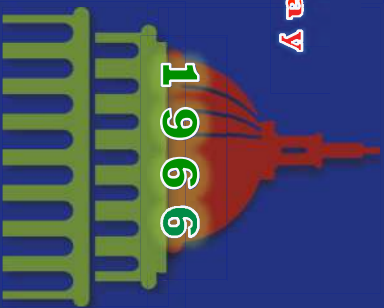
*Projected
Source: Congressional Budget Office, April 2018.

AMERICAN'S BROKING'S BUDGET PROCESS

RUNAWAY SPENDING

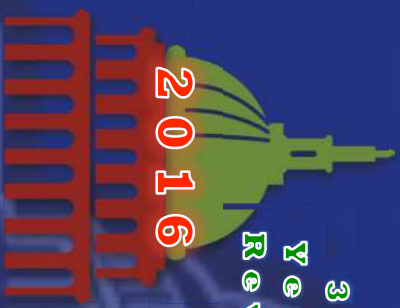
More than 68% of America's spending is on AUTOPAY with no Congressional review or renewal required. The share of total federal spending consumed by entitlements has more than DOUBLED in the last 50 years.

33%
AUTOPAY



YEARLY
REVIEW

32%
YEARLY
REVIEW



68%
AUTOPAY

GOVERNING BY CRISIS

Since 1977, Congress has used 173 temporary spending bills to fund the government for more than HALF the year.

FEDERAL GOVERNMENT OPERATES



DAYS A YEAR

UNDER TEMPORARY SPENDING BILLS

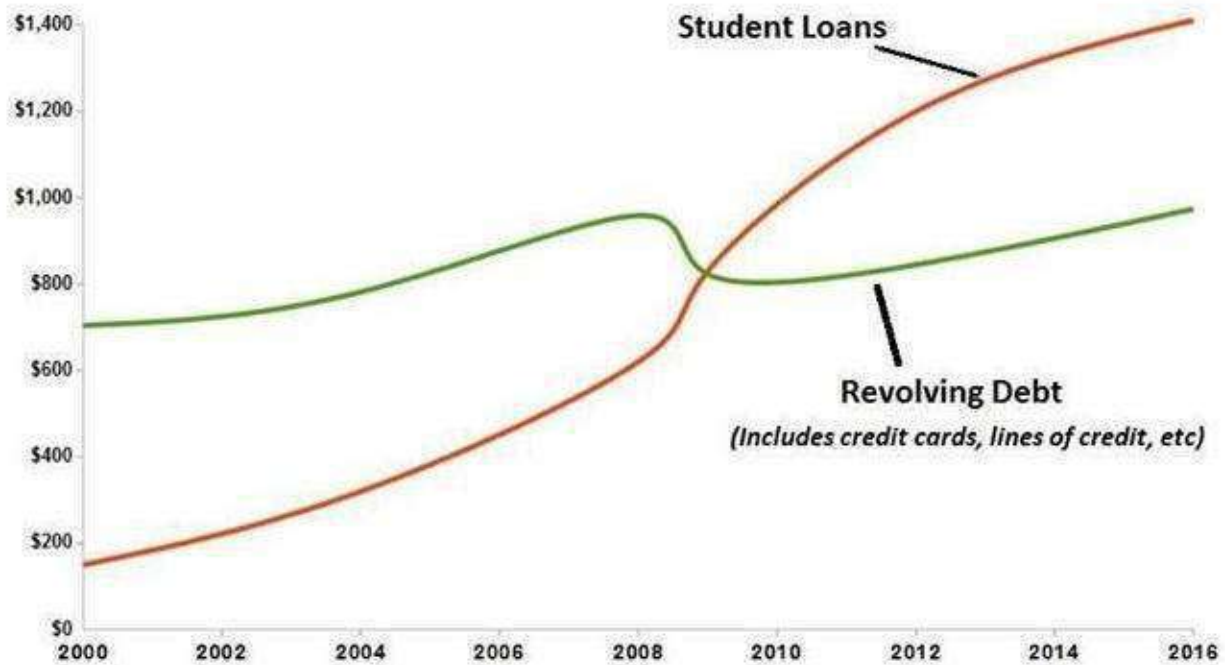
Until we fix America's broken budget process, we will not be able to address runaway government spending and our exploding national debt. A better budget process will help put our nation on a more sustainable fiscal path.

#aBetterBudget

@BudgetGOP



Student Loans vs. All Revolving U.S. Debt This Century



2000



2016

Source: StudentLoanJustice.Org

See also: [Facebook.com/groups/SLJgroup](https://www.facebook.com/groups/SLJgroup)



U.S. CONSTITUTION

Article I

Section 8.

Congressional Powers

1. Collect Taxes
2. Borrow Money
3. Regulate Commerce

4. CREATE A UNIFORM BANKRUPTCY SYSTEM

5. Coin Currency...
9. Create a Judiciary...
11. Declare War
12. Raise an Army
13. Raise a Navy...

**The Founders obviously
felt that bankruptcy rights
were important. They should
have NEVER been taken away
from STUDENT LOANS!**



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The Founders obviously felt that bankruptcy rights were important. They should have NEVER been taken away from STUDENT LOANS!

In THIS Complex (deep) MEME :

Notable Democratic U.S. Presidential candidates for the 2020 American presidential election cycle who support *FUTURE* "Free College," and/or *PAST* collegiate "Loan Forgiveness," and/or another unaffordable "Liberal Free Handout."
 --various low-quality images used under "Fair Use" for commentary, criticism, etc.



Political Ideology :

as measured by how much tuition per school year respondent demands of each University/College student

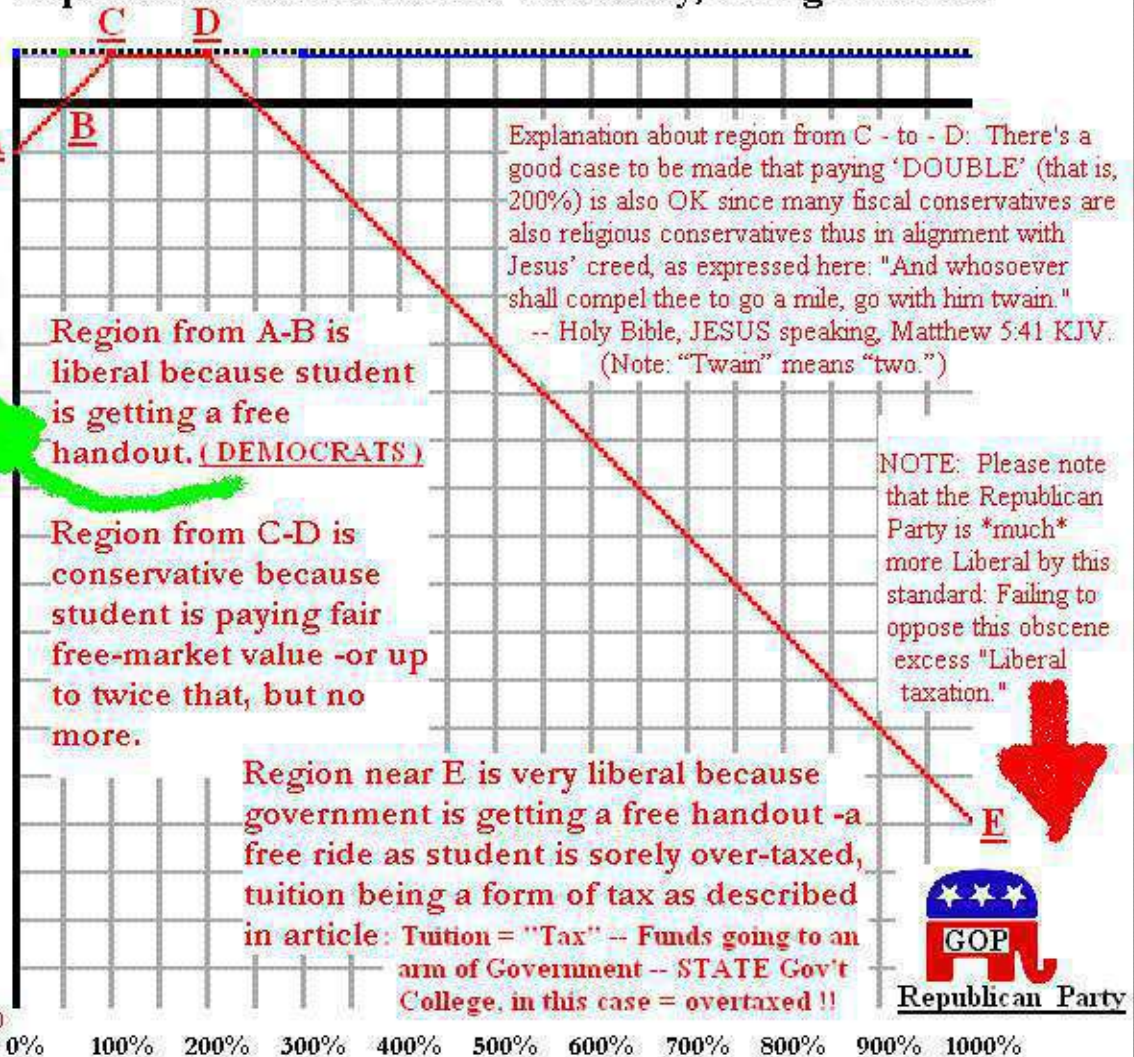
Conservative
 Neutral
 Liberal
 More Liberal



Very Liberal

Super Liberal

Source
 The Register
 (GordonWatts.com
 GordonWayneWatts)



Republican Party

0%	100%	200%	300%	400%	500%	600%	700%	800%	900%	1000%
\$0.00	\$1,093.85	\$2,187.70	\$3,281.55	\$4,375.40	\$5,469.25	\$6,563.10	\$7,656.95	\$8,750.80	\$9,844.65	\$10,938.50

Percent of actual free-market value
 (Amount in 2008/2009 U.S. Dollars)

(Where \$1,093.85 is 100% of the free-market value of one school year of higher education as shown by the inflation-adjusted cost of tuition before government subsidies distorted the market -as described in the related article.)

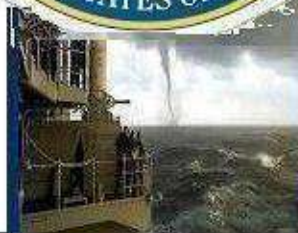
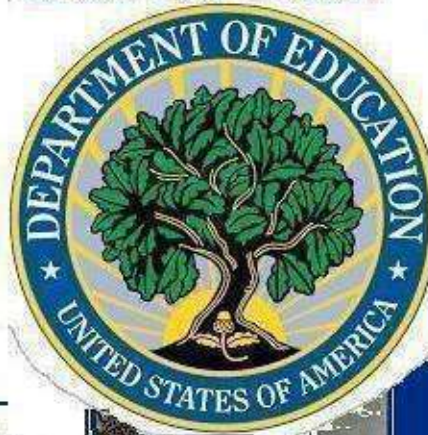
UPDATED FIGURE 1

Source for:
 "Updated Figure 1":
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 Gordon Wayne Watts
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Capt. Betsy DeVos -- sees the storm off in the distance



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Will we heed her warning -- or -- will
the RMS Titanic keep slamming
into icebergs and storms?

Explanation of this complex MEME:

We have currently two (2) huge economic problems in the U.S. Economy: Excess taxation, and excess spending. The "Updated Figure 1" showing skyrocketing tuition address the excess taxation problem. This MEME addresses the excess spending problem.

Quote 1: "Tuition, fees, room and board have grown at twice the rate of inflation and almost two and a half times median income. [] It has something to do with what one of my predecessors [Dr. Bill Bennett] famously pointed out decades ago. When the federal government loans more taxpayer money, schools raise their rates. FSA financing accounts for 80 percent of the actual tuition and fee revenue received by schools. [] Today, FSA's portfolio is nearly 10 percent of our nation's debt. [] Stop and absorb that for a moment. Ten percent of our total national debt. [] The student loan program is not only burying students in debt, it is also burying taxpayers and it's stealing from future generations." --Source: "Prepared Remarks by U.S. Secretary of Education Betsy DeVos to Federal Student Aid's Training Conference," By Hon. Betsy DeVos, U.S. Sec. of Education, U.S. Dept. of Ed, November 27, 2018:

<https://www.ed.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference>

Quote 2: "Collegiate debt, now almost \$2 trillion, is almost 10 percent of total U.S. debt. I predict we will crash the U.S. dollar if we ignore "crazy Gordon" one more time. [] But it's worse than that. [] While 10 percent may not seem like a lot — national defense and Social Security are about 60 percent of the budget — use of tax dollars to make or back collegiate debt can be eliminated totally, unlike defense and other programs, which can only be cut a tiny bit, for both political and actual reasons. [] Indeed, back in the 1950s we used little or no tax dollars for college loans. They got credit cards, if they needed credit. Most didn't, since college was affordable in the first place. [] Short of World War III, or a terrorist attack, the crash of the dollar is the worst disaster we face." Source: "A Polk Perspective: Fix our bankrupt policy on student debt," By Gordon Wayne Watts, Guest columnist, The Ledger, August 04, 2016:

<https://www.TheLedger.com/article/20160804/COLUMNISTS03/160809884/1382/edit?p=all&tc=pgall>

Quote 3: (The 'Money Quote') --- "There's a fitting metaphor that comes to mind. When a thunderstorm looms on the horizon, pilots have a couple of choices to make. They can either adjust their flight path ten degrees when they are a long distance away from the storm. [] Or they can stay on their original course and then be forced to make a jarring and abrupt turn when they fly right up to the bad weather. We face that same decision here." --Source: "Prepared Remarks by U.S. Secretary of Education Betsy DeVos to Federal Student Aid's Training Conference," By Hon. Betsy DeVos, U.S. Sec. of Education, U.S. Dept. of Ed, November 27, 2018:

<https://www.ed.gov/news/speeches/prepared-remarks-us-secretary-education-betsy-devos-federal-student-aids-training-conference>

CONCLUSION: DeVos' claim (which she probably copied from my column) that collegiate debt that collegiate debt is almost TEN (10%) PERCENT of total national debt is easily verifiable: Student Debt is almost TWO TRILLION (\$2,000,000,000,000.00) DOLLARS, and divide that by total U.S. Debt of slightly over \$20 Trillion, and you get ten (10%) percent, OK? We recall that President Trump recently called for loan limits for use of tax dollars to make/guarantee collegiate loans, and, more recently, called for a cut in the budget of the Dept of Education (including some ostensibly good programs, like after school programs, and such). We don't even need to use one single DIME of taxpayer monies to make or back (guarantee) collegiate loans: We got by in decades past without subsidising college loans, so can we finally STOP this useless & dangerous excess spending, already!? --G.W. Watts//

Statement of Senator Dick Durbin
Hearing before the House Judiciary Committee Subcommittee on Antitrust, Commercial
and Administrative Law on
“Oversight of Bankruptcy Law and Legislative Proposals”
June 25, 2019

Chairmen Nadler and Cicilline, Ranking Members Collins and Sensenbrenner, and members of the Subcommittee, thank you for holding this hearing. And thank you for inviting me to speak about the need to reform the way student loans are treated by the bankruptcy code.

It’s long past time for Washington to get serious about student debt.

Over 44 million Americans hold more than \$1.5 trillion in student loans. Student loan debt is the second largest type of household debt after mortgages. It is also the fastest growing household debt, increasing by 157 percent since 2007.

The average college student owes about \$30,000 upon graduation. Two-and-a-half million student borrowers owe more than \$100,000.

Student debt is limiting young people’s lives and life choices. Americans are putting off buying a home and starting a family because of this debt.

And it’s not just young people who are affected. In 2017, there were 8.4 million Americans over age 50 who had student loan debt.

Student borrowers try to repay their loans in a timely manner. But many struggle to do so—often because of unforeseen circumstances like medical issues, or perhaps they were misled into attending a for-profit college that did not prepare them for the job market, or the servicer of their loan didn’t provide them with accurate information.

Last year, over 11 percent of student loan debt was in default or seriously delinquent. That’s the highest delinquency rate among types of consumer loans tracked by the New York Fed.

And Federal Reserve Chairman Jerome Powell has said that student debt absolutely could hold back economic growth.

This is a crisis. And it's time to do something about it.

Chairman Nadler, Chairman Cicilline and Representative Katko have introduced the bipartisan Student Borrower Bankruptcy Relief Act, which is before this committee. I am the lead sponsor of this bill in the Senate.

The premise of our bill is simple: it's time to restore the availability of meaningful bankruptcy relief for student loan borrowers.

The bankruptcy process has been around since the founding of our nation. Filing for bankruptcy should be a last resort, but for some Americans it is a necessary one.

It can give people a chance to get back on their feet and on a path to a productive financial future.

Americans can seek a fresh start from most types of debt in bankruptcy. If a person overextends himself on his credit card or goes into debt buying a house, a boat, a car, or luxury items, he can address those debts in bankruptcy.

But the bankruptcy code provides no meaningful relief for student loan debt. Student borrowers who find themselves unable to repay their loans are saddled with this debt for life.

Very few types of debts have been given an exemption from discharge in the bankruptcy code—only things like child support payments, alimony, overdue taxes, and criminal fines.

But in 1998 Congress put federal student loans in this nondischargeable category, and in 2005 it included private student loans as well.

Right now the only way a student borrower can get bankruptcy relief for student loans is if she can demonstrate “undue hardship.” This standard has proven nearly impossible to meet. A *Wall Street Journal* report found only four cases in 2017 where a bankruptcy judge discharged student loan debt for undue hardship.

It didn't used to be this way. Prior to 1976, student loans were fully dischargeable in bankruptcy, and up until 2005 many student loans were still dischargeable with certain conditions.

We've had more than enough time to see how this experiment with student loan nondischargeability works. And it's clear that we need reform.

The American Bankruptcy Institute's blue-ribbon Commission on Consumer Bankruptcy recently issued a report that said, "Student loan debt significantly depresses U.S. economic activity, and current bankruptcy law ineffectively addresses it." I agree.

Our bill would restore dischargeability for private and federal student loans. This bill is supported by many student and consumer groups.

Remember, filing for bankruptcy is not a step that student borrowers would take lightly. It's not a free pass out of debt. It's a painful process.

And because Congress in 2005 created a strict means test for bankruptcy filings, those who have the funds to repay their student loans could not simply liquidate them in bankruptcy under our bill. There are safeguards in the process to prevent abuse.

The bottom line is, we need to give options to student borrowers who have no realistic path to pay back their crushing student debt burden. Bankruptcy should be a meaningful last resort to help them get back on their feet.

I urge this Committee to move forward with student loan bankruptcy reform.



Written Testimony of Edward C. Boltz
National Association of Consumer Bankruptcy Attorneys

Before the Subcommittee on Antitrust, Commercial and Administrative Law
Judiciary Committee
U.S. House of Representatives

Subject: Oversight of Bankruptcy Law and Legislative Proposals

June 19, 2019

Introduction

Chairman Cicilline, Ranking Member Sensenbrenner and Members of the Subcommittee:

My name is Edward Boltz and I am a consumer bankruptcy attorney, practicing in North Carolina. I am appearing on behalf of the National Association of Consumer Bankruptcy Attorneys (NACBA), where I currently serve as its vice president of and co-chair of its legislative committee. I have also previously served as the president of this same association. NACBA is the only national organization dedicated to serving the needs of consumer bankruptcy attorneys and protecting the rights of consumer debtors in bankruptcy. Formed in 1992, NACBA has nearly 3,000 members located in all 50 states and Puerto Rico. NACBA's members represent a large percentage of the American consumers who file bankruptcy cases in the United States Bankruptcy Courts.

On behalf of NACBA, I want to thank Chairman Nadler and Ranking Member Collins of the Judiciary Committee and Chairman Cicilline and Ranking Member Sensenbrenner of this Subcommittee for the opportunity to offer our views on the state of consumer bankruptcy and also pending legislative proposals. Over the past 25 years NACBA members have greatly appreciated the bi-partisan interest and support of Congress. While there are many issues relating to consumer bankruptcy currently in play both in the courts and throughout the economy as a whole, I will limit my remarks to currently pending legislation directly related to bankruptcy, as well as several other important topics as to which other proposed legislation may serve as effective vehicles for essential change.

1. Restore Bankruptcy Discharge for Student Loans¹

NACBA, through its members and their clients, is often the first to see economic trouble affecting Americans. In 2007, NACBA released with the Consumer Federation of America

¹ All statutory references are to Title 11 of the United States Code, unless otherwise specified.

National Association of Consumer Bankruptcy Attorneys

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and the Center for Responsible Lending a national survey find a sharp rise in subprime mortgage related problems.² In 2012,³ NACBA first forecast the coming “Student Loan Debt Bomb.”⁴ Since then student loan debt has skyrocketed to over \$1.5 trillion.⁵ The amount of student loan debt now surpasses all other types of consumer debt, with the sole exception of mortgage debt.⁶ Student loans have the highest delinquency rate of any other type of household debt.⁷ A significant number of borrowers have fallen into default⁸ and are unable to make meaningful payments.⁹ Growing evidence indicates that student loan debts not only severely restrict borrowers’ futures, but also are choking economic productivity.¹⁰

The history of student loans in the context of bankruptcy is one of ever-increasing restrictions on discharge through legislation often unrelated to bankruptcy, passed with little direct oversight or hearings by this Subcommittee or even Congress more generally. Originally, under the Bankruptcy Code enacted in 1978, student loans were dischargeable after five years in Chapter 7, sooner upon a showing of undue hardship,¹¹ and without a waiting period in Chapter 13. But then, in 1990, through separate legislation not directly related to bankruptcy and subject to scant legislative inquiry, the waiting period in Chapter 7 was extended from five to seven years¹² and later made applicable in Chapter 13.¹³ The waiting period was then completely eliminated in 1998, making covered student loans

² See https://consumerfed.org/pdfs/Bankruptcy_Press_Release041207.pdf

³ See <https://www.nacba.org/wp-content/uploads/2015/06/020712-NACBA-student-loan-debt-report.pdf>

⁴ For regular updates regarding the Student Loan crisis, see <https://www.studentdebtbomb.com/>

⁵ From the Federal Reserve’s G.19 release on consumer credit, available at: <https://www.federalreserve.gov/releases/g19/current/default.htm>.

⁶ See Federal Reserve Bank of New York, Quarterly Report on Household Debt and Credit (2018:Q2), at 3 (Aug. 2018) https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/HHDC_2018Q2.pdf.

⁷ See *id.* at 12-14.

⁸ In the context of student loans, “default” means there have been no payments for more than 270 days, whereas a student loan is “delinquent” if there has not been a payment within 30 days.

⁹ See Kristen Blagg, “Underwater on Student Debt,” (Aug. 2018), https://www.urban.org/research/publication/underwater-student-debt/view/full_report; Ben Miller, “Getting Repayment Rates Right,” Center for American Progress (July 10, 2018), <https://www.americanprogress.org/issues/education-postsecondary/reports/2018/07/10/453199/getting-repayment-rates-right/>; Judith Scott-Clayton, “The Looming Student Debt Crisis Is Worse Than We Thought,” Economic Studies at Brookings (Jan. 10, 2018), <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>.

¹⁰ The negative impacts of student loans have been found to include: (1) lower earnings of college graduates; (2) lower levels of homeownership; (3) fewer automobile purchases; (4) higher household financial distress; (5) lower probability of students choosing public-service careers; (6) poorer psychological functioning; (7) delayed marriage; and (8) lower probability of continuing education through graduate school. For a survey of these findings, see Lawless, Robert M., “Final Report of the ABI Commission on Consumer Bankruptcy” (2019), at 3, fns. 6-13.

¹¹ It was under these statutory provisions that the test for discharge of student loans in the majority of jurisdictions was developed in *Brunner v. New York State Higher Educ. Serv. Corp. (In re Brunner)*, 46 B.R. 752 (S.D.N.Y. 1985), *aff’d*, 831 F.2d 395 (2d. Cir. 1987). Ms. Bruner, the debtor in the case, was forced to seek the discharge of her student loans less than a year after her college graduation. **As interpreted by the courts based on that decision, the undue hardship provision has proved to be a nearly insurmountable barrier to the discharge of student loans in bankruptcy.**

¹² See Crime Control Act of 1990, Pub L. No. 101-647, § 3621, 104 Stat. 4789, 4965.

¹³ See Omnibus Budget Reconciliation Act of 1990, Pub. L. No. 101-508, § 3007(b)(1), 104 Stat. 1388, 1388-28.

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nondischargeable in all cases absent a showing of undue hardship.¹⁴ Most recently, in 2005, the student loan nondischargeability provisions were extended to include private student loans.¹⁵

In response to the unabated growth of the student loan crisis and the greater questions about higher education, there have been numerous proposals large and small. While the Department of Justice, after consultation with NACBA, among others, has published guidelines for allowing Chapter 13 debtors to participate in the various Income Driven Repayment (“IDR”) plans during their bankruptcy,¹⁶ such plans have often faced resistance from bankruptcy courts as purportedly constituting “unfair discrimination.”¹⁷ Additionally, in February 2018, the Department of Education issued a Request for Information regarding its application of the undue hardship standard.¹⁸ Despite the more than 400 responses highlighting the harsh effects of this standard,¹⁹ submitted over a year ago, no results, let alone actual changes in procedures, by the Department of Education have been forthcoming. (Additional congressional oversight of the Department of Education in this regard would be welcome.²⁰) These minimal efforts show the inadequacy of piecemeal, non-comprehensive changes that stop short of restoring the general dischargeability of student loans in bankruptcy.

Furthermore, while government student loan programs generally lend to borrowers without regard to credit worthiness, private student loans are underwritten largely on the same basis as other unsecured consumer loans, with lending risks reflected in the interest rate offered, as well as requirements for co-signers (usually parents or even elderly grandparents), among other demands for security. Research indicates that the nondischargeability of private loans made under BAPCPA did not, however, result in lower interest rates for

¹⁴ See Higher Education Amendments of 1998, Pub. L. No. 105-244, § 971(a), 112 Stat. 1581, 1837. This Act also eliminated the previous ten year Statute of Limitations for collection of government student loans, making them perhaps the only debt without any such limitation.

¹⁵ See Bankruptcy Abuse Prevention and Consumer Protection Act of 2005, Pub. L. No. 109-8, § 220, 119 Stat. 23, 59. This preclusion of dischargeability, currently codified at § 523(a)(8)(B), refers to any educational loan that is a “qualified education loan, as defined in section 221(d)(1) of the Internal Revenue Code of 1986,” a category that includes educational loans made by private entities regardless of whether they have a governmental or nonprofit insurance guaranty.

¹⁶ See Anderson, Amanda L. and Redmiles, Mark A., Federal Student Loan Debt in Bankruptcy: Recent Movement Towards Income-Driven Repayment Plans in Chapter 13, United States Attorneys’ Bulletin, Vol. 66, Number 2, pp. 53-71 (March 2018), available at <https://www.justice.gov/usao/page/file/1046201/download>

¹⁷ For a survey of cases related to the separate classification of student loans and the more persuasive reasons that such plans should be allowed, see *In re Engen*, 561 B.R. 523 (Bankr. D. Kan. 2016).

¹⁸ See <https://www.federalregister.gov/documents/2018/02/21/2018-03537/request-for-information-on-evaluating-undue-hardship-claims-in-adversary-actions-seeking-student>

¹⁹ The comments submitted by NACBA can be found at <https://www.regulations.gov/document?D=ED-2017-OPE-0085-0366>

²⁰ The February 2018 RFI may have been a delayed response to the 2014 letter from, among others, several members of this Committee. See Press Release, “Cohen, 6 Members of Congress Urge Education Secretary to Bring More Fairness to Struggling Students” (May 16, 2014) <https://cohen.house.gov/press-release/cohen-6-members-congress-urge-education-secretary-bring-more-fairness-struggling>.

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student borrowers,²¹ in large part because there is a lack of evidence showing strategic default by borrowers prior to the enactment of BAPCPA.²²

Restoration of the discharge in bankruptcy for government and private student loans would help the most debt-burdened borrowers of these loans economically functional once again. At the same time, bankruptcy is a serious financial step, which subjects debtors to strict scrutiny of not only their income, but also their assets.²³ Further, bankruptcy not only carries a severe social and moral stigma, but also has a dramatic and lasting effect on debtor's credit score for as long as 10 years. These impacts ensure that any release from student loan indebtedness is not without severe cost, avoiding the moral hazard concerns potentially present under other forgiveness plans.

For these reasons, NACBA supports the following:

- **Student Borrower Bankruptcy Relief Act**, H.R. 2648 & S. 1414: This bipartisan bill would return discharge rights to debtors for student loans.
- **Private Student Loan Bankruptcy Fairness Act of 2019**, H.R. 885: This bill would restore discharge rights for debtors for non-governmental student loan.
- Continued and expanded oversight of the Department of Education and its handling of undue hardship under current law.
- To the extent that student loans remain nondischargeable, expressly affirm that Chapter 13 plans may separately classify student loans to allow maintenance of payments for borrowers in income-driven repayment plans.

2. Treat Veterans' Benefits the Same as Social Security Benefits by Excluding Them From Current Monthly Income

The Bankruptcy Code uses a “means test” in chapter 7 and a “projected disposable income test” in chapter 13 a measure of the debtor's ability to pay creditors. Both tests are based on “current monthly income,”²⁴ which excludes benefits received under the Social Security Act. Both Social Security disability and retirement benefits²⁵ are excluded based upon the protection that such benefits have from seizure or assignment for creditors.²⁶ Debtors

²¹ Alexei Alexandrov & Dalie Jiménez, Lessons from Bankruptcy Reform in the Private Student Loan Market, 11 HARV. L. & POL'Y REV. 175 (2017).

²² See Rajeev Darolia & Dubravka Ritter, *Strategic Default Among Private Student Loan Debtors: Evidence from Bankruptcy Reform* (2017), <https://ssrn.com/abstract=3064662>.

²³ Unlike the various IDR plans, which look solely to a borrower's income without regard to assets, a bankruptcy filing only allows debtors to retain exempt assets without paying claims, including those for student loans, for such nonexempt assets.

²⁴ 11 U.S.C. § 101(10A) (B)

²⁵ Other benefits provided under the Social Security Act include: Medicaid, 42 U.S.C. § 1396b; programs in Guam, Puerto Rico, and the Virgin Islands providing old age benefits, *id.* at §§ 301-306; the Stephanie Tubbs Jones Child Welfare Services Program, *id.* at §§ 620-628; programs for family support, family preservation, family reunification, and adoption support services, *id.* at §§ 629-629i; foster care and adoption assistance, *id.* at §§ 670-679c; and aid to the blind in Puerto Rico, Guam, and the Virgin Islands, *id.* at §§ 1201-1206.

²⁶ 42 U.S.C. § 407(a).

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receiving Social Security benefits are protected from being worse off in bankruptcy than outside of it.²⁷ Veteran’s retirement and disability benefits, however, are not excluded, despite having virtually identical purposes, functions and protections outside of bankruptcy.²⁸ Congress should extend the same protections to disabled and retired veterans as civilians currently have. (Indeed, depending on the type of employment, some civilians may not even be eligible to participate in the Social Security and must instead rely upon other sources of retirement and/or disability benefits that also have virtually identical purposes, functions and protections outside of bankruptcy.²⁹) Because the amount of a veteran’s retirement is based on the service member’s final rank and can potentially be substantial, this exclusion should not exceed the maximum available Social Security benefit.³⁰

For these reasons, NACBA supports the following:

- **Honoring American Veterans in Extreme Need Act of 2019** or the **HAVEN Act**, H.R. 2938 and S. 679: As currently proposed, the HAVEN Act would exclude “any monthly compensation, pension, pay, annuity, or allowance paid under title 10, 37 or 38 [of the United States Code] in connection with a disability, combat related injury or disability, or death of a member of the uniformed services except that retired pay excluded under this subclause shall include retired pay under chapter 61 of title 10 only to the extent that such retired pay exceeds the amount of retired pay to which the debtor would otherwise be entitled if retired under any provision of title 10 other than chapter 61 of that title.” This legislation would exclude only veteran’s disability benefits, but is a modest improvement over current law.
- NACBA strongly supports expanding the proposed protections under the HAVEN Act to exclude “any monthly compensation, pension, pay, annuity, or allowance paid under title 10, 37 or 38 in connection with a disability, combat related injury or disability, **retirement** or death of a member of the uniformed services except that retired pay excluded under this subclause shall include retired pay under chapter 61 of title 10 only to the extent that such retired pay exceeds the **maximum Social Security retirement benefit amount of retired pay to which the debtor would otherwise be entitled if retired under any provision of title 10 other than chapter 61 of that title.**” This version would best promote and implement the goals of the proposed legislation by providing retired veterans the full scope of the same protections afforded civilians, and no more.

²⁷ See the remarks of Senator Edward Kennedy, 145 CONG. REC. 29,929 (1999).

²⁸ See 38 U.S.C. §§ 1101-1163 (service-connected military disability benefits); *id.* at §§ 1501-1543 (nonservice-connected disability benefits).

²⁹ See, for example, 3 See 5 U.S.C. § 8346 (exempting civil service retirement benefits from legal process); 22 U.S.C. § 4060(c) (exempting foreign service retirement and disability payments from attachment); 33 U.S.C. § 916 (exempting longshoremen’s and harbor workers’ pensions from assignment and legal process); 38 U.S.C. § 1562 (exempting Congressional Medal of Honor pension from legal process); 38 U.S.C. § 5301(a)(1) (exempting veterans benefits from assignment and legal process); 45 U.S.C. § 231m (exempting railroad retirement benefits from assignment).

³⁰ This amount is currently \$2,788.00 a month or \$33,456.00 a year.

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- For the same reasons, these protections should be extended to the other pension and disability benefits discussed herein that have virtually identical purposes, functions and protections outside of bankruptcy as Social Security benefits.

3. **Reduce Paperwork and Pre-Bankruptcy Counseling Requirements That Needlessly Increase Costs and Unfairly Inhibit Access to Bankruptcy**

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 created many new wasteful requirements for debtors in need of bankruptcy relief, which act as barriers to the courts and restrict access to justice for lower income debtors who cannot afford the increased costs that they have caused. Prominent among these is the requirement that individual debtors obtain credit counseling prior to filing bankruptcy.³¹ Particularly for debtors facing exigent circumstances, such as a pending foreclosure, wage garnishment, or vehicle repossession, this credit counseling requirement, aimed at providing alternatives related solely to unsecured debts, provides little, if any, benefit.³² Further, as at least 85-90% of debtors that complete an approved credit counseling course ultimately do file bankruptcy,³³ the utility of this requirement is negligible, particularly as the cost of credit counseling can be a deterrent for debtors with below median income.

For these reasons, NACBA recommends the following:

- **Credit Counseling:**
 - **Exception for Exigent Circumstances:** A waiver of the pre-bankruptcy credit counseling requirement should be made available in cases where the counseling offers no real benefit or where any potential benefit is outweighed by the need to permit filing without such counseling in order to preserve the ability to obtain the fundamental benefit of a fresh start, such as in cases involving pending foreclosures, wage garnishments, and vehicle repossessions.
 - **Elimination for Debtors with Below Median Income:** As debtors with family income below the median are presumed to be entitled to bankruptcy relief and not subject to Means Testing, they should similarly not be required to undergo credit counseling.

4. **Exclude Earned Income Tax Credits (EITC) Exclusion From Disposable Income and Property of the Estate**

Congress intended the EITC to be available to low income working families who need those funds for basic necessities of life. However, many states' exemption laws do not

³¹ 11 U.S.C. § 109(h).

³² See Michael D. Sousa, Just Punch My Ticket: A Qualitative Study of Mandatory Debtor Financial Education, 97 MARQ. L.REV. 391, 463 (2013).

³³ See U.S. TRUSTEE PROGRAM, DIRECTOR ADDRESSES THE 52ND ANNUAL SEMINAR OF CHAPTER 13 TRUSTEES (July 31, 2017), <https://www.justice.gov/ust/speeches-testimony/director-addresses-52nd-annual-seminar-national-association-chapter-13-trustees>

protect EITC funds, which often means they can be seized by bankruptcy trustees. This results in lower income families losing this valuable resource at the time they need it most in filing for bankruptcy relief. The EITC should be treated the same as Social Security benefits and protected in bankruptcy.

For these reasons, NACBA supports the following:

- **Working Families Tax Relief Act of 2019**, H.R. 3157 and S. 1138:³⁴ Bankruptcy protections for the EITC should be added with an amendment to this proposal.

5. Adjust Chapter 13 Debt Limits

Many urban areas have experienced enormous increases in home prices in the past several years, far in excess of the index used to adjust dollar amounts in the Bankruptcy Code. In some of these areas, the resulting home mortgage debt necessary for families to buy a home disqualifies them from eligibility for Chapter 13 relief because of the secured debt eligibility limit in 11 U.S.C. § 109(e).³⁵ Despite being adjusted for inflation every three years,³⁶ to maintain Chapter 13 eligibility for homeowners, the secured debt limit needs to be adjusted accordingly.

In a similar vein, student loan debt has also, as mentioned previously, skyrocketed in the last several years. Particularly since there is no longer a statute of limitations on federal student loans, many loans have continued to accumulate interest and collection costs over decades. The balances owed on these loans can easily prevent individual student borrowers from qualifying for Chapter 13 under the § 109(e) debt limits and thus present a further basis for adjusting the debt limit to ensure meaningful access to bankruptcy relief.

For these reasons, NACBA recommends the following:

- **Family Farmer Relief Act of 2019**, H.R. 2336 & S.897: This bipartisan bill would increase the debt limit for family farmers in Chapter 12 from \$4.2 million to \$10 million. This bill should be amended to similarly double, or substantially increase, the debt limit for consumer debtors in Chapter 13.

6. Clarify That Late-Filed Tax Returns are Considered Returns in Bankruptcy

The Bankruptcy Code has long permitted debtors to discharge certain tax debts not incurred by fraud.³⁷ More specifically, tax debts based on late-filed returns have been dischargeable

³⁴ The latter entitled “A bill to amend the Internal Revenue Code of 1986 to expand the earned income and child tax credits, and for other purposes.”

³⁵ Currently, the debt limit for noncontingent, liquidated unsecured debt is \$419,275.00 and for noncontingent, liquidated secured debt it is \$1,257,850.00

³⁶ 11 U.S.C. § 104(a).

³⁷ See *United States v. Hindenlang (In re Hindenlang)*, 164 F.3d 1029 (6th Cir. 1999), which established a four-part test to determine if a filing is a “return” if it (1) purports to be a return, (2) is executed under penalty of perjury,

in carefully articulated circumstances. In 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (BAPCPA), added a confusing and unnumbered paragraph to the Code³⁸ which several circuit courts³⁹ have interpreted as preventing the discharge of *any* tax debt pursuant to a late-filed return. Under this “one-day late” rule, a tax debt based on a return filed even a single day late is no longer dischargeable under any circumstances. Because other Code language was not amended and still indicates that tax debt based late-filed returns may be discharged, it is likely that the unnumbered, hanging paragraph was the result of an unintentional drafting error. The IRS continues to allow the discharge of certain tax debt related to late-filed returns, but some state authorities have taken a more aggressive view.⁴⁰ When strictly applied, the effect of the “one-day late” rule renders all such debt nondischargeable forever. The American Bar Association,⁴¹ the American Bankruptcy Institute,⁴² and the National Bankruptcy Conference⁴³ have corrective proposals to clarify the law.

For these reasons, NACBA recommends the following:

- **Taxpayer First Act of 2019, H.R.1957:** This bill could be a vehicle for amending 11 U.S.C. § 523(a)* to include the following taken from the American Bar Association:

“For purposes of this subsection, the term ‘return’ means a return that satisfies the requirements of applicable nonbankruptcy law (including applicable filing requirements **other than timeliness**).” (Additional language in bold.)

Conclusion

On behalf of the National Association of Consumer Bankruptcy Attorneys, our members, and our clients, I thank you for this opportunity to testify before the Subcommittee on Courts, Commercial and Administrative Law of the Judiciary Committee, regarding your oversight of bankruptcy law and pending legislative proposals. NACBA stands ready to continue to work with this Subcommittee and other interested parties in devising effective solutions regarding Student Loan discharge, the equitable treatment of Veteran’s retirement and disability benefits in bankruptcy, the lowering of barriers to filing bankruptcy, the protection of the Earned Income Tax Credit, the

(3) contains sufficient data to allow calculation of tax, and (4) represents an honest and reasonable attempt to satisfy the requirements of the tax law. In that case, where the debtor did not file any document until after the IRS had completed its assessment with a Substitute for Return (“SFR”), such document was not considered a return.

³⁸ Commonly referred to as either 11 U.S.C. § 523(a)* or the 523(a) Hanging Paragraph.

³⁹ See *McCoy v. Mississippi State Tax Comm’n*, 666 F.3d 924 (5th Cir. 2012), *Mallo v. IRS (In re Mallo)*, 774 F.3d 1313 (10th Cir. 2014), and *Fahey v. Mass. Dep’t of Revenue (In re Fahey)*, 779 F.3d 1 (1st Cir. 2015).

⁴⁰ See *Giacchi v. IRS (In re Giacchi)*, 856 F.3d 244, 247 (3^d Cir. 2017) (“The government notes that this approach, called the ‘one-day-late rule,’ fails to harmonize provisions of § 523 that contemplate some late-filed forms are “returns.”).

⁴¹ See <https://www.americanbar.org/content/dam/aba/administrative/taxation/policy/072914letter.pdf>

⁴² See Lawless, Robert M., “Final Report of the ABI Commission on Consumer Bankruptcy” (2019), at 21-25.

⁴³ See <http://nbconf.org/wp-content/uploads/2015/07/NBC-Ltr-S-Jensen-re-ABA-Taxation-Proposal-523a.pdf>

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increase of Chapter 13 debt limits, and clarifications of the definitions of tax returns, as well as any other important bankruptcy issues affecting consumer debtors.

Speaker:

Edward Charles Boltz

Vice President, NACBA

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Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)*, of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Judiciary

Subcommittee: Antitrust, Commercial, and Administrative Law

Hearing Date: June 19, 2019

Hearing Title :

Oversight of Bankruptcy Law and Legislative Proposals

Witness Name: Edward C. Boltz

Position/Title: Vice President, National Association of Consumer Bankruptcy Attorneys

Witness Type: Governmental Non-governmental

Are you representing yourself or an organization? Self Organization

If you are representing an organization, please list what entity or entities you are representing:

National Association of Consumer Bankruptcy Attorneys

If you are a **non-governmental witness**, please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current calendar year and previous two calendar years. Include the source and amount of each grant or contract. *If necessary, attach additional sheet(s) to provide more information.*

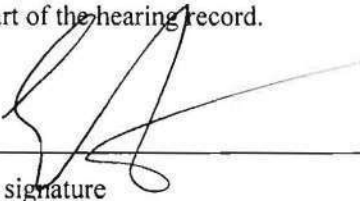
None

If you are a **non-governmental witness**, please list any contracts or payments originating with a foreign government and related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current year and previous two calendar years. Include the amount and country of origin of each contract or payment. *If necessary, attach additional sheet(s) to provide more information.*

None

False Statements Certification

Knowingly providing material false information to this committee/subcommittee, or knowingly concealing material information from this committee/subcommittee, is a crime (18 U.S.C. § 1001). This form will be made part of the hearing record.



Witness signature

6/17/19

Date

Please attach, when applicable, the following documents to this disclosure. Check the box(es) to acknowledge that you have done so.

- Written statement of proposed testimony
- Curriculum vitae or biography

*Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B) shall include—

- (i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and
- (ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

Edward C. Boltz

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Work experience

The Law Offices of John T. Orcutt

October 1998 – Present

Attorney and Managing Partner

- Represented consumers in Chapter 7 and 13 bankruptcies;
- Represented consumers in mortgage and student loan litigation;
- Managed a law firm of 12 attorneys and more than 70 other staff.

National Association of Consumer Bankruptcy Attorneys

May 2007 – Present

Vice President (current)

- Served as a Director from 2007 to present.;
- Served as President from 2012 to 2016; and
- Served as Co-Chair of Legislative Committee from 2016 to present.

Qualifications

- Admitted to practice law by the North Carolina Bar, 1996;
- Admitted to the United State Supreme Court, 4th Circuit and Eastern and Middle Districts of North Carolina;
- Certified Consumer Bankruptcy Specialist by the North Carolina Bar, 2004;
- Certified Consumer Bankruptcy Specialist by the American Board of Certification, 2007;
- Commissioner, ABI Commission on Consumer Bankruptcy, 2017-2019;
- Co-chair, North Carolina Bar Association Consumer Bankruptcy Section Committee on Mortgage Loss Mitigation Management Programs.

Education

Juris Doctor

August 1993 – May 1996

George Washington University Law School

Bachelor of Arts

August 1989 – May 1993

Washington University in St. Louis

Speaking Engagements and Publications

- "Mortgage Litigation Workshop", 27th Annual NACBA Conference, May 2019;
- "Pre-Bankruptcy Planning", ABI Annual Spring Meeting, April 2019;
- "Student Loans and Bankruptcy", 32nd Annual Northwest Bankruptcy Institute, April 2019;
- "Bankruptcy Bermuda Triangle: Unbundling Fees in Chapter 7", NACBA Summit at Sea, December 2018;
- "Miami Ad-Vice: A Focus on Available Administrative Non-Bankruptcy Relief for Student Loans and Potential Plan Treatment", 53rd Annual NACTT Seminar, June 2018;
- "Student Loans in Bankruptcy", National Conference of Bankruptcy Judges, 2018
- "Student Loans in Bankruptcy", Eastern Bankruptcy Institute, Inc, May 2016
- "Bankruptcy Law and Rules", Southeastern Bankruptcy Law Institute, Inc, April 2016
- "Student Loans: What Are the Various Repayment Programs and How Do They Work", Southeastern Bankruptcy Law Institute, March 2016
- "Mortgage Issues: Key Issues in Chapter 13", Southeastern Bankruptcy Law Institute, March 2016
- "Counterpoint on Best Practices", National Association of Bankruptcy Trustees, February 2015

Written Testimony of John Rao

Attorney,
National Consumer Law Center

**Before the House Judiciary Subcommittee on
Antitrust, Commercial, and Administrative Law**

Oversight of Bankruptcy Law and Legislative Proposals

June 19, 2019

Chairman Cicilline, Ranking Member Sensenbrenner, and members of the Subcommittee:

Thank you for holding this hearing on the Oversight of Bankruptcy Law and Legislative Proposals and for inviting me to testify today. I testify here today on behalf of the low-income clients of the National Consumer Law Center (NCLC).¹ A broad range of families and households are affected by consumer bankruptcy legislation, and in particular by the proposed bills that would make student loans dischargeable in bankruptcy.

In my work as an attorney at NCLC, I provide training and technical assistance to attorneys across the country who represent consumers in bankruptcy cases. I am the author and

¹ The National Consumer Law Center, Inc. (NCLC) is a non-profit Massachusetts Corporation, founded in 1969, specializing in low-income consumer issues, with an emphasis on consumer credit. NCLC provides legal and technical consulting and assistance on consumer law issues to legal services, government, and private attorneys representing low-income consumers across the country. NCLC publishes a series of twenty-one practice treatises and annual supplements on consumer credit laws, including *Consumer Bankruptcy Law and Practice* (11th ed. 2016). NCLC attorneys have written and advocated extensively on all aspects of consumer law affecting low income people, conducted training for thousands of legal services and private attorneys on the law and consumer law problems, and provided extensive oral and written testimony to numerous Congressional committees on these topics. NCLC's attorneys have been closely involved with the enactment of all federal laws affecting consumer credit since the 1970s, and regularly provide extensive comments to the federal agencies on the regulations under these laws.

editor of various publications on bankruptcy. I often speak at educational programs for bankruptcy attorneys, trustees, and judges, and I have served as a member of the federal Judicial Conference Advisory Committee on Bankruptcy Rules. My testimony is based on this work and my experience representing consumers in debt collection, bankruptcy and foreclosure defense matters.

The gravity of the student loan debt problem cannot be overstated. Americans now owe more in student loan debt than they do for auto loans, credit cards, or any other non-mortgage debt.² Student loan debt has become a key factor for many people who are considering when or whether to start small businesses, buy homes, or start families.³ Student loan debt is a factor not only for people who are entering the workforce for the first time, but also for those who are seeking to enter retirement.⁴

For the many reasons stated below, we support passage of the Student Borrower Bankruptcy Relief Act, H.R. 2648 (and its companion bill, S. 1414).

Current bankruptcy policy on student loans was based on false assumptions.

We have long encouraged individuals of all ages to pursue higher education as a path to success. They are told that incurring student loan debt will give them a better chance at achieving their goals. Similarly we encourage individuals to start businesses and to take chances in other entrepreneurial endeavors. In both cases we know that some individuals will fail. However, our bankruptcy laws treat student borrowers much more harshly – the business

² Fed. Reserve Bank of N.Y., Household Debt and Credit Report: Q1 2019 (May 2019).

³ William Elliott & IISung Nam, Is Student Debt Jeopardizing the Short-Term Financial Health of U.S. Households?, Federal Reserve Bank of St. Louis Review, Sept./Oct. 2013. Vol. 95, Issue 5 at 405-24; *see also* Springer, Is Student Debt Keeping Americans Away from Marriage? Research Shows That Modern Couples Are Choosing to Cohabit and Pay Off Debts Before Marriage." ScienceDaily (Sept. 26, 2018).

⁴ Lori A. Trawinski, Susanna Montezemolo & Alicia Williams, The Student Loan Debt Threat: An Intergenerational Problem, AARP Public Policy Institute (May 2019).

entrepreneur is given an opportunity for a fresh start while the student borrower is given no margin of error and is effectively denied the right to a bankruptcy discharge. In fact our bankruptcy laws currently treat student loan borrowers in the same manner as individuals who fail to pay child support and criminal fines, and those who incur debts by fraud or maliciously injure others.

This harsh treatment of student borrowers in financial distress in the bankruptcy system was not the result of careful analysis and thoughtful policy debate. Instead it was based on the false premise that student borrowers were more likely to abuse the bankruptcy system, even compared to other consumers with debts owed to the government. No evidence to support this premise existed when the law was first changed to limit student loan dischargeability or at the time of subsequent amendments.

Student loans were initially dischargeable like other unsecured debt, as no provision of the Bankruptcy Act or the Higher Education Act prohibited the discharge of student loans. In 1976, an amendment to limit student loan dischargeability was considered in connection with the Higher Education Act. While the House Judiciary committee initially raised a jurisdictional objection, the bankruptcy amendment passed subject to a delay in its effective date and a joint request from the chairs of the relevant Judiciary and Education subcommittees for a Government Accountability Office (GAO) study on the subject. The amendment provided that loans insured or guaranteed under the Higher Education Act were dischargeable in bankruptcy only after the loan had been subject to repayment for a period of five years or if the bankruptcy court determined that “payment from future income or other wealth will impose an undue hardship on the debtor or his dependents.”⁵

⁵ Education Amendments of 1976, Pub.L. No. 94-482, § 439A(a), 90 Stat. 2081, 2141 (codified at 20 U.S.C. § 1087-3 (1976) (repealed 1978)).

Reviewing data from the period when student loans were dischargeable without limitation, the GAO concluded that most consumers did not elect to discharge student loans in bankruptcy. The GAO study found that only a fraction of one percent of all matured student loans had been discharged in bankruptcy. A House Report summarized the GAO's findings:

First, the general default rate on educational loans is approximately 18%. Of that 18%, approximately 3-4% of the amounts involved are discharged in bankruptcy cases. Thus, approximately $\frac{1}{2}$ to $\frac{3}{4}$ of 1% of all matured educational loans are discharged in bankruptcy. This compares favorably with the consumer finance industry.⁶

The GAO study also found that debtors who discharged student loans in bankruptcy had other significant indebtedness, suggesting that the filings of some debtors were based on other financial problems and not motivated by an attempt to discharge student loans.

This evidence led to an effort to repeal the Higher Education Act amendment as Congress considered adoption of the 1978 Bankruptcy Code. Don Edwards, Chairman of the House Subcommittee on Civil and Constitutional Rights, stated that any student loan exception to discharge "must be justified by the strongest showing of need and of sound policy."⁷ Referring to the GAO study and other data, he concluded: "The need does not appear to be present here, nor does policy suggest that an exception is appropriate."⁸

William D. Ford, chairman of the Subcommittee on Postsecondary Education, wrote to the Judiciary Committee to express his strong support for repeal of the Higher Education Act nondischargeability amendment:

I have seen no evidence which convinces me of the need for a remedy as discriminatory and as inappropriate as section 439a of the Higher Education Act. I do not believe that bankruptcies involving student loans are increasing at such a rate as to require a provision this drastic, nor am I convinced that young debtors are declaring bankruptcy for the main purpose of 'ripping off' the government by not paying back their student loans.⁹

⁶ H.R. Rep. 95-595, 1st Sess. 1977, 1978, 1978 U.S.C.C.A.N. 5963, 6094, 1977 WL 9628.

⁷ H.R. Rep. 95-595, 152, 1978 U.S.C.C.A.N. 5963, 6113.

⁸ *Id.*

⁹ H.Rep. 95-595, 160, 1978 U.S.C.C.A.N. 5963, 6121.

Even representatives of the banking industry supported the repeal. The Judiciary committee heard the following from Walter W. Vaughan, of the American Bankers Association and Consumer Bankers Association task forces on bankruptcy:

While we recognize that the idea of a student receiving a valuable education and then irresponsibly refusing to repay the loans which made this education possible is reprehensible, we are nonetheless opposed to this exception. This section is contrary to the Bankruptcy Act policy of providing the bankrupt with a fresh start and we suspect that the damage done to the many 'poor but honest debtors' will far exceed any possible benefit. We are not persuaded that the 'hardship' exception will be that meaningful due to its vagueness. Secondly, this exception, in effect, gives the government agencies (which are the guarantors of many student loans) and educational institutions privileged treatment that is not warranted. If the social utility of what is exchanged for the debt is to be determinative of dischargeability then the question can be raised of whether it is proper to discharge medical bills, food bills, etc. This proposed change simply suggests that if sufficient political pressure can be generated, a special interest group can obtain special treatment under the bankruptcy law. We believe that this section runs counter to the general policy of limiting exceptions to discharge and grounds for objecting to discharge and should be eliminated.¹⁰

After consideration of the GAO study and other compelling evidence that student borrowers were not abusing the bankruptcy system and that student loan debt should not be treated differently, the House Judiciary committee voted in favor of the repeal and rejected an amendment that would have made educational loans nondischargeable. Despite all the evidence that the stories of abuse were perception rather than reality,¹¹ however, in 1978 Congress ultimately incorporated the general framework of the earlier Higher Education Act amendment, providing for discharge after a five year waiting period or upon proof of undue hardship, into the Bankruptcy Code. This limited exception to discharge may have been acceptable to some

¹⁰ H.R. Rep. 95-595, 150, 1978 U.S.C.C.A.N. 5963, 6111.

¹¹ Compare Hearings on H.R. Rep. No. 95-595, 95th Cong. 159 (1977) (statement of Ronald J. Iverson, Executive Director, Vt. Student Assistance Corp. reporting on several cases where student loans comprised majority of debt discharged in bankruptcy), with Kurt Wiese, *Discharging Student Loans in Bankruptcy: The Bankruptcy Court Tests of 'Undue Hardship,'* 26 ARIZ. L. REV. 445, 449 (1984) (alleged student loan discharge problem was created by media).

members of Congress because it still permitted the unconditional discharge of student loans that had been in repayment for at least five years.

Subsequent amendments further eroded the discharge rights – in 1990 the waiting period for an unconditional discharge was extended from five to seven years.¹² Also in 1990 the undue hardship test and the seven-year waiting period were made applicable in Chapter 13 cases.¹³ In 1998, Congress totally eliminated the waiting period option for dischargeability, leaving only discharge upon proof of undue hardship.¹⁴ The final blow came in 2005 when most private student loans were made nondischargeable by the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005.

These changes were again made without any evidence that the limited and quickly eroding discharge rights were being abused. No GAO studies were commissioned to update the earlier study to determine if debtors were discharging student loans in unusual amounts under the five- and seven-year periods or that educational debt discharged in bankruptcy was having any significant fiscal impact on the student loan program. The most drastic change, the total elimination of the right to an unconditional discharge after a waiting period, was not made in bankruptcy legislation originating in the House or Senate Judiciary committees but rather through the Higher Education Amendments of 1998. No mention of bankruptcy abuse or other problems with the bankruptcy discharge, or of any hearings conducted concerning the provision, is contained in the Conference Report for that legislation.¹⁵

¹² Federal Debt Collection Procedures Act of 1990, Pub.L. No. 101-647, § 3621(2), 104 Stat. 4933.

¹³ Student Loan Default Prevention Initiative Act of 1990, Pub.L. No. 101-508, § 3007(b), 104 Stat. 1388-28.

¹⁴ Higher Education Amendments of 1998, Pub. L. No. 105-244, 112 Stat. 1837 (1998).

¹⁵ The Conference Report gives the following explanation for the change: “The conferees, in the effort to ensure the budget neutrality of this bill, adopted a provision eliminating the current bankruptcy discharge for student borrowers after they have been in repayment for seven years.” See H. Rept. 105-750 (Conference Report for H.R. 6), p. 408, Sept. 25, 1998.

Bills introduced in this Congress give this Subcommittee the opportunity to reconsider these earlier decisions. While the availability of bankruptcy relief is not the sole solution to the current student loan debt crisis, there are many sound policy reasons why it should be restored as a safety net for those borrowers who have no ability to repay their student loans.

Concerns about abusive filings are less compelling now because of substantial changes to the Bankruptcy Code.

Opponents of bankruptcy relief will say that even if there was no earlier evidence of abuse by student borrowers, the amount of student loan debt is much higher now than it was in the 1970s and therefore many borrowers will seek bankruptcy relief if given the option rather than repay their loans. This falsely assumes that student borrowers are somehow different than other consumers and will abusively file bankruptcy rather than pursue repayment options.

The words of former Chairman James O'Hara of the post-secondary education subcommittee resonate today as they did in 1977. In response to news stories about isolated examples of abusive filings, he stated:

... stories would have us believe that students (and the other bankrupts those stories almost never mention) can go through bankruptcy without a serious second thought; that it is an easy process by which they can painlessly transfer their obligations to the taxpayer. The fact is, of course, that bankruptcy is a serious step, that it involves the distribution of the bankrupt's assets and much of his income among his creditors, and that it is basically damaging to the credit and personal reputation of those forced to go through it. It can be entered into a last resort; it can, and sometimes is, entered into imprudently and without sufficient thought to its consequences, but it is not and has never been designed to be an 'easy way out' for the bankrupt. Bankruptcy, for most of those who enter into it, carries its own deleterious consequences.¹⁶

The concerns that Congress had in the 1970s about potential abuse, whether based on false perceptions or reality, are even less compelling now because of other substantial changes that have been made to the Bankruptcy Code. In 2005, Congress added a number of new

¹⁶ H.R. REP. 95-595, 149-50, 1978 U.S.C.C.A.N. 5963, 6110-11.

provisions drastically impacting personal bankruptcy filings, such as a means test, enhanced document and filing requirements, exemption limitations, and counseling requirements. These changes have made it more difficult for all consumers to file bankruptcy, especially those who have assets and higher incomes to pay their debts.

To be eligible for bankruptcy relief, individuals and families must have monthly income that is less than the limited monthly living expenses allowable under the means test. Even Chapter 13 filers must abide by the strict expense guidelines established by Chapter 13 and IRS rules for the life of the plan, which is generally five years, with all income above these minimum provisions being dedicated to repaying debts. In addition, declaring bankruptcy creates an unwanted stigma and harms an individual's credit, making access to credit less available or more expensive. As a result, those who can afford to pay their student loans are very unlikely to take advantage of any change in law permitting discharge of student loans.

Consumers do not file bankruptcy if there are manageable ways for them to deal with their debt burden. Other consumers who face financial distress and would benefit from bankruptcy often do not file because of the cost of filing bankruptcy. These factors are best shown by considering the bankruptcy filing rates at the height of the Great Recession. A RAND study of American families during the Great Recession found that by April 2010, 39 percent of households had experienced financial distress.¹⁷ However, less than 1.4 percent of the 116.7 million American households filed bankruptcy in 2010. There remained a steady decline in bankruptcy filings after 2010, despite the continuation of challenging economic times for a number of years.

¹⁷ RAND Labor and Population, *Effects of the Financial Crisis and Great Recession on American Households*, Michael Hurd and Susann Rohwedder, Nov. 2010. The study measured financial distress by considering the following factors: if the respondent and/or spouse is unemployed, or if the household is more than two months behind on mortgage payments (or in foreclosure), or if the value of the house is less than the amount of the mortgage.

The media reports of well-paid doctors¹⁸ and other professionals who sought bankruptcy relief soon after completing their education, which apparently motivated the original exception to discharge, simply cannot occur under our current bankruptcy law. If debtors with large amounts of educational loans, few other debts, and well-paying jobs were to file bankruptcy now, their bankruptcy cases will be dismissed without a discharge. Any issues related to the debtor's good faith in filing bankruptcy can be addressed by the bankruptcy court under Bankruptcy Code sections 707(b) or 1325(a)(7). Other options under the Code to punish bad debtors are also available. For example, a debtor who has fraudulently transferred property, concealed or falsified information, or made false oaths related to the bankruptcy case will be denied a discharge under Code section 727(a), and could be prosecuted for a federal crime.

In addition to Bankruptcy Code changes, the government has been provided extraordinary collection tools that did not exist when the 1978 nondischargeability provision was first enacted. In 1991, the Higher Education Act was amended to permit a borrower's wages to be garnished to collect defaulted student loans in an administrative proceeding, without obtaining a court judgment.¹⁹ A Department of Treasury procedure also can be used to collect student loans through the offset of tax refunds.²⁰ The Debt Collection Improvement Act of 1996 expanded these collection efforts by permitting the offset of Social Security of other government benefits.²¹ In 1991, the then-existing six-year statute of limitations for filing collection actions against borrowers, and all other limitation periods for student loan collection, were eliminated.²²

¹⁸ It should be noted that H.R. 2648 and S. 1414 do not amend or repeal 42 U.S.C. § 292f(g), so the current nondischargeability provisions for Health Education Assistance Loans (HEAL) would remain in effect.

¹⁹ 20 U.S.C. § 1095a.

²⁰ 31 U.S.C. § 3720A.

²¹ Pub. L. No. 104-134, 110 Stat. 1321 (1996); 31 U.S.C. § 3716.

²² See Pub. L. No. 102-26, 105 Stat. 123 (Apr. 9, 1991), amending 20 U.S.C. § 1091a.

Collection lawsuits, tax intercepts, wage garnishments, and government benefit offsets may be done at any time. The only end point is that collection must cease when a borrower dies.²³

The initial exception to discharge for student loans reflected a concern by Congress about the financial stability of loan programs when a bankruptcy discharge might be sought before the government had an opportunity to collect on the debt. The possibility of debtors avoiding collection during periods when they have an ability to repay their student loans, before seeking a bankruptcy discharge, is another factor not relevant today.

The availability of bankruptcy relief will encourage more responsible behavior by student loan servicers.

Nearly a quarter of the more than 43 million federal student loan borrowers are in distress on their loans.²⁴ Many of these borrowers could benefit from the Department of Education’s income-driven repayment (IDR) options. However, borrowers too often are denied access to these programs because of serious problems in the student loan servicing industry. The four largest servicers of federal student loans have a documented history of “widespread servicing failures” that “create obstacles to repayment, raise costs, cause distress and “driv[e] borrowers to default.”²⁵

Financial incentives for servicers are not aligned with the best interests of student loan borrowers.²⁶ Compared with other options, enrolling borrowers into IDR plans is time-intensive and expensive for servicers. As a result, servicers fail to dedicate necessary resources in ensuring that borrowers understand and successfully access affordable and sustainable IDR

²³ 20 U.S.C. § 1091(a)(d).

²⁴ U.S. Dep’t of Educ., Federal Student Aid, Data Center, Federal Student Loan Portfolio; *see also* Consumer Fin. Prot. Bureau, Student Loan Servicing: Analysis of Public Input and Recommendations for Reform (Sept. 2015).

²⁵ Consumer Fin. Prot. Bureau, CFPB Concerned About Widespread Servicing Failures Reported by Student Loan Borrowers (Sept. 29, 2015).

²⁶ U.S. Gov’t Accountability Office, Federal Student Loans: Education Could Improve Direct Loan Program Customer Service and Oversight: Highlights, Report No. GAO-16-523 (May 16, 2016).

plans. Instead, servicers steer many borrowers into forbearances and deferments, which are costly to the borrower and profitable for the servicer because they are easier to administer. Some servicers have misrepresented that borrowers have no other repayment options.

An NCLC client had this experience as she struggled to afford her student loan payments after completing a medical assistant program at a for-profit school in Massachusetts.²⁷ For the first five years after she graduated from her program, she dutifully contacted her servicer and submitted documentation of her financial hardship. Nevertheless, despite clear eligibility for a zero dollar IDR payment, she was never enrolled in an IDR plan. When this borrower came to NCLC, she had never even heard of IDR options. Instead, each year when she called her servicer to discuss her financial situation and options, she was directed into a number of forbearances.

Though she remained in good standing on her loan during that time, she would have been better off in an IDR plan, getting credit toward eventual loan forgiveness. She will have to stay in repayment for five additional years because of the time wasted in forbearances. Further, because the interest that accrued on her loans during her forbearances was capitalized (meaning it was rolled into the principal balance of the loan and is now factored into future computations of interest), the loan balance has grown and will continue to increase a faster rate.

Servicer problems also have a significant negative impact on borrowers and the student loan program when borrowers file bankruptcy for reasons unrelated to their student loans. A Department of Education regulation places student loans in forbearance while they are in an active bankruptcy case. This prevents borrowers from staying on IDR plans and getting the benefit of payments towards loan forgiveness during their bankruptcy cases. Student loans are

²⁷ This client story was discussed by my colleague, Joanna K. Darcus, in her testimony to the House Subcommittee on Oversight and Investigations, Committee on Financial Services, regarding “An Examination of State Efforts to Oversee the \$1.5 Trillion Student Loan Servicing Market” on June 11, 2019.

effectively “put on a shelf” during the case, even for the three to five years that a debtor may be in a Chapter 13 case. Even worse, borrowers can emerge from Chapter 13 further in debt because interest continues to accrue on their loans during the bankruptcy, and this interest is capitalized when the case concludes.

While the Department has not adopted a regulation or formal guidance permitting borrowers to stay on IDR plans during bankruptcy, it has approved an informal template that may be used by debtors to seek approval during the Chapter 13 plan confirmation process to stay on IDRs.²⁸ However, student loan servicers in some cases have resisted implementing the debtor’s confirmed Chapter 13 plans or related bankruptcy court orders and continue to place borrowers in forbearance.²⁹

The Department’s policies on bankruptcy, capitalization of interest, and penalty collection fees have resulted in some consumers paying much more than the original amount of their loans and still owing substantial sums. For example, in *In re Martish*,³⁰ the consumer had a federal consolidation student loan in the amount of \$11,202.95, with a 9% interest rate. This was her only student loan debt. In 1998, she filed a Chapter 7 case, which was later converted to a Chapter 13 case and concluded in 2001. Still unable to manage her growing student loan debt despite significant payments, the consumer filed a second Chapter 13 case in 2014. By the time this second case was filed, the consumer had made approximately \$39,835 in payments on the student loan. The student loan holder, ECMC, filed a proof of claim in this case asserting that the debtor still owed \$27,021.57. Included in the alleged amount due was the assessment of a

²⁸ Amanda L. Anderson, Mark A. Redmiles, “Federal Student Loan Debt in Bankruptcy: Recent Movement Towards Income-Driven Repayment Plans in Chapter 13,” United States Attorneys’ Bulletin, March, 2018.

²⁹ See, e.g., *In re Berry*, 582 B.R. 886 (Bankr. D.S.C. 2018), aff’d, 2019 WL 1034484 (D.S.C. Mar. 5, 2019).

³⁰ 2015 WL 167154 (Bankr. E.D. N.C. Jan 12, 2015).

lump-sum charge for collection costs in the amount of \$5,289.57. This penalty for collection costs represented 25% of the principal amount owed at that time.

Making bankruptcy relief available to consumers is one way to compel better behavior by servicers. Rather than take the easy and financially rewarding route of steering consumers into forbearances, servicers would need to be concerned that their failure to enroll borrowers in sustainable repayment plans might result in the loss of the account (and related servicer revenue) to a bankruptcy discharge. While few consumers will pursue bankruptcy, particularly if servicers act more responsibly, the potential threat of bankruptcy will encourage servicers to properly implement IDR programs.

The current undue hardship method of discharge denies student borrowers bankruptcy relief.

The current undue hardship method of discharge is random, arbitrary and unfair.³¹ The phrase “undue hardship” has been construed by courts to require a showing of exceptional circumstances and a “certainty of hopelessness.” Debtors are faced with an impossible burden of proof – “They must somehow prove that their future is as hopeless as their present.”³²

Overly aggressive litigation tactics that have been used in undue hardship cases by student loan creditors have imposed far greater barriers to justice on debtors than those facing litigants in other civil litigation. While data on undue hardship cases is scarce, one study has

³¹ Rafael I Pardo & Michelle R. Lacey, *Undue Hardship in the Bankruptcy Courts: An Empirical Assessment of the Discharge of Educational Debt*, 74 U. Cin. L. Rev. 405 (Winter 2005). From an evaluation of hundreds of published undue-hardship decisions applying the *Brunner* standard, the authors conclude that *Brunner* is not effective as a predictable and reliable legal standard. Debtors similarly situated by demographics and financial circumstances are typically not treated the same when different courts apply the standard. The authors conclude that “those debtors granted a discharge and those denied a discharge predominantly resemble one another and that there are few statistically significant differences in the factual circumstances of the two groups.” *Id.*

³² Testimony of Deanne Loonin, Hearing on the Private Student Loan Bankruptcy Fairness Act of 2010, before the U.S. House of Representatives Committee on the Judiciary, Subcommittee on Commercial and Administrative Law, April 22, 2010.

shown that student loan creditors are far less likely to resolve litigation through settlement than other civil litigants.³³ This study reveals that only 36 percent of the debtors' cases in the study were settled or had other pre-trial dispositions. Generally about 97 percent of all cases in state and federal courts are resolved by means other than by trial.³⁴

A far greater percentage of debtors who seek discharges due to undue hardship are forced to go to trial to get a verdict than are other civil litigants. Yet bankruptcy debtors are far less likely to be able to afford the expense of a multi-day trial than other civil litigants. Almost 20 percent of the undue hardship discharge cases in the study ended in a trial verdict. By contrast, statistics compiled by the Administrative Office of the U.S. Courts show that of the federal court civil cases concluded in the period when the study was conducted (FY 2011), overall only 1.1 percent were concluded by a trial verdict.³⁵

Student borrowers are required to litigate undue hardship in a separate adversary proceeding. This requires filing a complaint, often responding to extensive discovery by student loan creditors, and preparing and offering evidence for trial. In some cases, debtors are expected to retain and offer testimony of expert witnesses.

Under one prong of the undue hardship test used by most courts, the consumer debtor must prove an inability to repay the student loans and at the same time meet necessary living expenses. In the vast majority of cases decided by bankruptcy courts, debtors satisfy this requirement because their financial circumstances are so dire. However, this comes only after costly and unnecessary litigation, including extensive pre-trial discovery about the debtor's

³³ Iuliano, Jason, "An Empirical Assessment of Student Loan Discharges and the Undue Hardship Standard," 86 *American Bankruptcy Law Journal* 495 (2012).

³⁴ Court Review: The Journal of the American Judges Association Volume 42, Issue 3-4 - A Profile of Settlement, Dec. 1 2006.

³⁵ Table C-4, Annual Report of the Director: Judicial Business of the United States Courts.

expenses.³⁶ This is because the Department of Education and Educational Credit Management Corporation (ECMC), a contractor hired by the Department to handle litigation for guaranty agencies, typically refuse to stipulate to the obvious.

Far more troubling, it has become common practice for the Department and ECMC to argue in court cases that certain “discretionary” or “non-essential” expenses, such as restaurant meals, cable television, and Internet access, are avoidable and could free up income to pay the student loan debt. Certain individual expenses are highlighted without consideration of the debtor’s overall budget or attempts to reduce expenses, in order to portray the debtor as irresponsible. This is done even in cases in which the debtor’s income may be below the poverty level and the expense in question would have no impact on the debtor’s student loan repayment ability.

The story of Karen Lynn Schaffer, as reported in a New York Times article, is an example that is unfortunately not unique.³⁷ Ms. Schaffer, age 54, took out a student loan for her son to attend college at a time when her husband was employed. Her husband later could not work due to severe medical problems from hepatitis C, diabetes and liver cancer. Ms. Schaffer took a number of steps to reduce expenses. She also became employed in a full-time job in a security position, waking up at 4:00am every morning to care for her husband before leaving for work. ECMC argued that Ms. Schaffer was spending too much on food by eating at restaurants. This turned out to be the \$12 she was spending at McDonald’s, where Ms. Schaffer and her husband normally split a “value meal.” Ms. Schaffer said: “I was taking care of Ron and working a full-time job, so lots of times I didn’t have time to fix dinner, or I was just too darn tired.”

³⁶ As an example of the extensive discovery requested by the Department, *see In re Dorsey*, 2015 WL 4873123 (Bankr. E.D. La. Aug. 13, 2015).

³⁷ Natalie Kitroeff, “Loan Monitor Is Accused of Ruthless Tactics on Student Debt,” New York Times, Jan. 1, 2014.

Under the undue hardship test used by most courts, the debtor must show a good faith attempt to repay the student loans. While initially somewhat narrow in scope, the Department and ECMC have urged courts in litigation to inappropriately extend the good faith inquiry to matters beyond payment efforts. It has been used by loan holders as a morality test in which the debtor's life choices and past conduct are called into question. ECMC in particular has forced debtors to respond to extensive discovery that has probed into intimate details of their personal lives. ECMC then attempts to exploit these details in order to discredit debtors' testimony about hardship, regardless of how irrelevant the matters may be to an undue hardship determination.

For example, in one case ECMC questioned the debtor about why she had five children (a daughter and two sets of twin boys) after obtaining her student loans. In finding this inquiry and the related argument to be "audacious" and "beyond the pale," the bankruptcy court described ECMC's tactics as follows:

ECMC brought out one other circumstance oriented toward the Debtor's past acts and conduct, but only late in the process. In cross-examining the Debtor, its counsel got her to acknowledge that she had borne all of her children "after [she] took out the student loans," and that she had understood at those times that she owed the associated debt. He then asked her if her children had been "planned"; to which she responded, curtly, that she was of the Roman Catholic faith. Counsel then dropped the subject until closing argument. At that time, referring to "her religious choice," ECMC's counsel abjured that "you have to make the decision to have a family in light of what you can afford ..."³⁸

Debtors in other cases have been forced to refute arguments by the Department or ECMC that in order to repay their student loans they should not have taken prescription drugs to counteract the side effects of mental health medication,³⁹ should not have taken custody of two

³⁸ *In re Walker*, 406 B.R. 840, 863 (Bankr. D. Minn. 2009), *aff'd*, 427 B.R. 471 (B.A.P. 8th Cir. 2010), *aff'd*, 650 F.3d 1227 (8th Cir. 2011).

³⁹ *In re Renville*, 2006 Bankr. LEXIS 3211 (Bankr. D. Mont. Jan. 5, 2006).

grandchildren, one of whom was a victim of physical abuse,⁴⁰ or should not have ended their studies without getting a degree so as to care for elderly parents.⁴¹

Many consumer debtors cannot afford the costs needed to file the underlying bankruptcy case,⁴² even without considering the additional costs for the undue hardship discharge proceeding. Given the highly aggressive litigation tactics of ECMC and other creditors, and the fact that these cases are more likely to be tried rather than settled, most hardship discharge cases require substantial time to properly litigate, ranging anywhere from 40 to 100 hours, or more. If attorneys charge for this time even at a discounted hourly rate, fees can easily mount in the thousands and tens of thousands of dollars. Most debtors who are successful in hardship cases have incomes that are near the poverty level, and certainly cannot afford to pay these fees.⁴³ To make matters worse, ECMC and other creditors almost always appeal court decisions that are favorable to debtors. Appeals are extremely costly.

It is not surprising that these proof requirements and litigation burdens have meant that virtually no consumer debtors in the bankruptcy system seek a discharge of their student loans. Barely 0.1 percent of debtors in bankruptcy with student loan debt sought an undue hardship discharge in the above-noted 2007 study.⁴⁴ The many barriers to obtaining an undue hardship discharge have effectively eviscerated the Bankruptcy Code's fresh start potential for borrowers burdened by student loan debt.

⁴⁰ *In re Mitcham*, 293 B.R. 138 (Bankr. N.D. Ohio 2003).

⁴¹ *In re Bene*, 474 B.R. 56 (Bankr. W.D. N.Y. 2012).

⁴² United States Government Accountability Office, "Bankruptcy Reform: Dollar Costs Associated with the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005," p. 22, June 2008 (finding that the average attorney fee in chapter 7 consumer bankruptcy cases had increased by 51 percent after the 2005 Act).

⁴³ There are few alternatives for debtors who cannot afford to hire an attorney to litigate a hardship case. Most pro bono bankruptcy programs do not provide representation in hardship discharge cases.

⁴⁴ Iuliano, Jason, "An Empirical Assessment of Student Loan Discharges and the Undue Hardship Standard," 86 *American Bankruptcy Law Journal* 495 (2012).

The potential for loan cancelation upon completion of an IDR is not a substitute for a bankruptcy discharge.

The Department and ECMC often oppose an undue hardship discharge for a consumer who could make minimal IDR payments even when there is no likelihood that the consumer's financial situation will improve or that there will be any meaningful repayment of the student loans. Even when faced with clear evidence that the consumer's situation is not likely to change, the Department's position has been that the consumer should wait twenty or twenty-five years in the future to obtain loan forgiveness through the IDR program rather than a seek bankruptcy discharge. This position is fiscally irresponsible as it fails to consider the administrative costs to the Federal government and ultimately taxpayers in keeping the consumer on an IDR plan when there is no anticipated loan repayment.

This is illustrated by the Department's actions in *In re West*.⁴⁵ The debtor is 60 years old and unemployed. His only income is \$194 per month in Supplemental Nutrition Assistance Program ("SNAP") benefits, and he lives with an aunt who does not charge him rent. The bankruptcy court found the debtor's testimony to be credible that his criminal background, combined with his age and race, have made it impossible for him to find work. Despite this bleak future, the Department argued that the debtor should not receive a bankruptcy discharge and instead should enroll in an IDR with a \$0 payment.

Simply put, the Department's policy amounts to throwing good money after bad. The fact that the debtor's IDR payment is \$0 or some minimal dollar amount is confirmation that the debt is not recoverable. Efforts to keep the debtor on an IDR for twenty or twenty-five years, including the administrative costs of annual recertifications and collection costs if the debtor re-defaults, impose a real cost on the student loan system and taxpayers that is not offset by future recoveries. Neither the government nor the debtor benefits from this outcome. When it comes to

⁴⁵ *In re West*, 2018 WL 846539 (Bankr. W.D. Tenn. Feb. 6, 2018). The Department appealed the decision in this case granting a discharge to the debtor.

collection of debts, the federal government should adopt the reasoning of all other creditors and recognize the point at which a debt is no longer recoverable.

Moreover, the apparent purpose of making student loans nondischargeable in bankruptcy has been to protect the financial integrity of the student loan program by ensuring that student loans are repaid. Denying a debtor such as Mr. West a bankruptcy discharge and forcing him to stay on a \$0 payment IDR until he is age 85 does not further this purpose. Far worse, it imposes additional non-recoverable administrative costs on the student loan system.

Income-driven repayment plans provide important options for many borrowers dealing with student loan debt. However, the possibility of forgiveness of debt after twenty or twenty-five years on an IDR plan for borrowers who lack repayment ability does not remotely resemble a discharge under the Bankruptcy Code.⁴⁶

Rather than removing a debt burden, IDR plans almost invariably increase the burden for low-income borrowers. Unlike a loan modification involving a permanent and immediate restructuring of the debt with a reduced payment amount, a borrower under an IDR remains legally obligated for the full student loan debt based on the contractual terms until the loan is forgiven, if at all, after twenty or twenty-five years. For a debtor with a \$0 or nominal IDR payment, doubling, tripling, or quadrupling of the loan indebtedness is all but certain as unpaid interest continues to accrue and is capitalized. This is the opposite of a “fresh start.”⁴⁷

⁴⁶ *Barrett v. Educ. Credit Mgmt. Corp.* (*In re Barrett*), 487 F.3d 353, 364 (6th Cir. 2007) (“requiring enrollment in the ICRP runs counter to the Bankruptcy Code’s aim in providing debtors a ‘fresh start.’”); *In re Booth*, 410 B.R. 672, 676 (Bankr. E.D. Wash. 2009).

⁴⁷ *In re Dufresne*, 341 B.R. 391 (Bankr. D. Mass. 2006) (rejecting ICRP alternative and noting that lender ignored “the indefinite and perhaps decades-long duration of the forbearance, the ongoing accruals of interest added to current debt, the public credit reporting of a large and growing debt in a perpetual default status, the tax consequences of a debt forgiven many years hence”); *In re Brooks*, 406 B.R. 382, 393 (Bankr. D. Minn. 2009).

Decades of mounting student loan indebtedness can have a drastic impact on an individual's future access to credit, employment opportunities, and housing.⁴⁸ It can impose a substantial emotional burden on the debtor as well.⁴⁹

While a bankruptcy discharge provides clear relief from this burden, the IDR plans offer no certainty of relief. Borrowers only obtain forgiveness of debt if they adhere rigorously to all program requirements for the full twenty to twenty-five year duration. Borrowers who default while in a program lose eligibility.⁵⁰

Borrowers may also lose eligibility due to paperwork problems and servicer errors that can (and often do) occur during the decades of annual recertifications required to maintain participation.⁵¹ Data released by the Department in 2015 indicates that many borrowers miss the deadline to recertify and thus may experience payment amount changes and further capitalization of accrued interest. The Department reported that nearly 57% of borrowers whose income-driven plan recertification was due in a twelve-month period ending in late 2014 did not recertify on time.⁵²

⁴⁸ *In re Jolie*, 2014 WL 929703, at *9 (Bankr. D. Mont. Mar. 10, 2014) (“The evidence is uncontroverted, and it shows that [debtor’s] student loan debt prevents her, because of its effect on her credit score, from increasing her income, and this predicament will persist while the student loan debt remains.”); *In re Mathieu*, 495 B.R. 882 (Bankr. D. Minn. 2013) (47-year-old debtor would continue paying under ICRP until age 72 and never have access to reasonable credit); *In re Strand*, 298 B.R. 367 (Bankr. D. Minn. 2003) (interest accruing over twenty-five-year period under ICRP will leave debtor “hamstrung into poverty for the rest of his life” and prevent him from obtaining credit or approval of rental applications).

⁴⁹ *In re Barrett*, 337 B.R. 896, 903-904 (B.A.P. 6th Cir. 2006) (lender’s emphasis on ICRP “fails to take account of the additional worry and anxiety that the Debtor is likely to suffer if he is compelled to watch his debt steadily increase knowing that he does not have the ability to repay it for reasons beyond his control”), *aff’d* 487 F.3d 353 (6th Cir. 2007); *In re Marshall*, 430 B.R. 809, 815 (Bankr. S.D. Ohio 2010).

⁵⁰ 34 C.F.R. §§ 685.221(a)(2), 685.209(a)(ii), 682.215(a)(2).

⁵¹ 34 C.F.R. §§ 685.209(a)(5)(iii), 685.221(e)(3).

⁵² These data were released in materials for the Department’s March 2015 negotiated rulemaking. U.S. Dep’t of Educ., Sample Data on IDR Recertification Rates for ED-Held Loans, available at www.ed.gov.

When borrowers are required to make even small IDR payments, re-defaults can occur because the income driven plans do not take expenses into account. The formulas that set payments based solely on income do not look at medical expenses, high housing costs, or expenses for any short-term emergency the borrower may encounter. For twenty to twenty-five years a borrower is one sickness or accident away from permanently losing the “discharge” ostensibly available under a long-term repayment plan.

Once in default under a plan, the borrower can lose eligibility to participate in another income-driven plan. Defaults under plans can be irreparable because the options for removing a loan from default (consolidation, rehabilitation) may be one-time only or (like rehabilitation) burdensome.⁵³ Getting out of default through rehabilitation also does not ensure that the borrower will avoid financial troubles. In fact, the Consumer Financial Protection Bureau recently reported that “nearly one in three borrowers who exited default through rehabilitation defaulted for a second time within 24 months, and over 40 percent of borrowers re-defaulted within three years.”⁵⁴

Discharge of a debt in bankruptcy is not a taxable event. However, forgiveness of a student loan debt at the end of an IDR may result in cancellation of indebtedness income that is taxable.⁵⁵ Therefore, successful completion of a long-term plan may simply see the Internal Revenue Service replace the Department as the powerful creditor pursuing the borrower for several more decades.⁵⁶

⁵³ See, e.g. 34 C.F.R. § 685.220(d) (if all the borrower’s direct loans have been consolidated, the borrower cannot re-consolidate the same loans to get out of default).

⁵⁴ Consumer Financial Protection Bureau, “Update from the CFPB Student Loan Ombudsman,” May 16, 2017.

⁵⁵ 26 U.S.C. § 61(a)(12).

⁵⁶ *In re Barrett*, 487 F. 3d 353, 364 (6th Cir. 2007); *In re Durrani*, 311 B.R. 496, 508 (Bankr. N.D. Ill. 2005), *aff’d* 320 B.R. 357 (N.D. Ill. 2005).

The policy goals of the student loan program do not outweigh the fresh start objective of the Bankruptcy Code.

Opponents of bankruptcy relief argue that student loans are inherently different and are entitled to special treatment. The government operates or financially supports a number of loan programs with laudable goals similar to the student loan program, such as programs for veterans, farmers, small business owners, and first-time home buyers. Many of these programs, like the student loan program, have less stringent underwriting requirements than comparable loan products in the private market. However, unlike the student loan program, these other government sponsored loans are dischargeable in bankruptcy.

In a 1997 letter explaining his opposition to making student loans nondischargeable, Don Edwards, former chairman of the Subcommittee on Civil and Constitutional Rights, stated:

I understand that the grant of educational loans under the GSL and FISL programs is different from the grant of other loans in some respects. That, however, does not provide sufficient justification for an exception to discharge. In establishing the loan programs, Congress made a determination that it was in the public interest to finance college educations, and to pledge the support of the Federal Treasury in that effort. Accordingly, Congress required less investigation of credit standing, prohibited co-signers in many cases, and prohibited security interests in the student's property. The program was conceived as a social welfare program, both for the students involved and for the nation as a whole. It would be inconsistent with that objective to treat the program as strictly a business proposition when the time for repayment arrives.⁵⁷

We urge Subcommittee members to consider the thoughtful comments of Chairman Edwards as you evaluate the Student Borrower Bankruptcy Relief Act, H.R. 2648 (also S. 1414).

Other bankruptcy proposals and bills under consideration.

We are pleased that the subcommittee is considering a number of bankruptcy bills at the same time. While all of these bills would make considerable improvements to the bankruptcy system, we wish to highlight the following:

⁵⁷ H.R. Rep. 95-595, 154, 1978 U.S.C.C.A.N. 5963, 6115.

- Honoring American Veterans in Extreme Need Act of 2019, H.R. 2938, S. 679. The HAVEN Act would exclude veteran’s disability benefits from the definition of “current monthly income” for purposes of the means test. We support this legislation and urge Congress to expand the bill to include retirement benefits for veterans, as well as pension and disability benefits under other programs that serve the same function as Social Security benefits, which are currently excluded.
- Family Farmer Relief Act of 2019, H.R. 2336 & S.897. This bipartisan bill would increase the debt limit for family farmers in Chapter 12. For the reasons stated in the report of the ABI Commission on Consumer Bankruptcy, we urge Congress to similarly consider doubling the debt limits for consumers in Chapter 13 cases.

Finally we urge the Subcommittee to consider proposals that would reduce the costs of bankruptcy filing for consumers. Several of these proposals, such as eliminating the credit counseling requirement and reducing the paperwork requirements for low-income debtors to prove safe-harbor status from the means test, are discussed in my testimony at an earlier Subcommittee hearing⁵⁸ and in the report of the ABI Commission on Consumer Bankruptcy.

⁵⁸ Hearing on H.R. 3553: “Bankruptcy Administration Improvement Act of 2017,” September 26, 2018.

Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)*, of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: Judiciary

Subcommittee: Antitrust, Commercial, and Administrative Law

Hearing Date: June 19, 2019

Hearing Title :

Oversight of Bankruptcy Law and Legislative Proposals

Witness Name: John Rao

Position/Title: Staff Attorney

Witness Type: Governmental Non-governmental

Are you representing yourself or an organization? Self Organization

If you are representing an organization, please list what entity or entities you are representing:

Low-income clients of the National Consumer Law Center, Inc.

If you are a **non-governmental witness**, please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current calendar year and previous two calendar years. Include the source and amount of each grant or contract. *If necessary, attach additional sheet(s) to provide more information.*

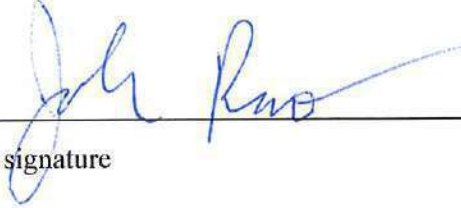
Although not relevant to the subject matter of my testimony, my organization, NCLC, has received a subcontract of \$75,000 per year to prepare educational materials and conduct trainings for the Justice for Aging under a project of the National Center on Law and Elder Rights, which receives a federal grant.

If you are a **non-governmental witness**, please list any contracts or payments originating with a foreign government and related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current year and previous two calendar years. Include the amount and country of origin of each contract or payment. *If necessary, attach additional sheet(s) to provide more information.*

None

False Statements Certification

Knowingly providing material false information to this committee/subcommittee, or knowingly concealing material information from this committee/subcommittee, is a crime (18 U.S.C. § 1001). This form will be made part of the hearing record.



Witness signature

6/17/19

Date

Please attach, when applicable, the following documents to this disclosure. Check the box(es) to acknowledge that you have done so.

- Written statement of proposed testimony
- Curriculum vitae or biography

*Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B) shall include—

(i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and

(ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

John Rao

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Professional Experience

National Consumer Law Center, Inc.

Boston, Mass.

Staff Attorney (1996 – Present)

Mr. Rao has been a staff attorney at the National Consumer Law Center since 1996, providing policy analysis and advocacy on consumer credit, mortgage servicing and bankruptcy issues. His duties include writing and editing a number of NCLC legal treatises and publications, and serving as a panelist and instructor at numerous trainings and legal education seminars on consumer law and bankruptcy topics. Mr. Rao also provides testimony, comment and assistance to members of Congress, Congressional staff, and federal regulatory agencies on issues affecting low income consumers. He has filed many *amicus curiae* briefs in cases before the United States Supreme Court and various Courts of Appeal.

Rhode Island Legal Services, Inc.

Providence, R.I.

(1982 - 1999)

Mr. Rao served as a managing attorney in the Providence office of Rhode Island Legal Services and headed the program's Consumer Unit. His practice included a broad range of cases dealing with consumer and utility issues, requiring representation of low-income clients before federal, state and bankruptcy courts, and before administrative agencies. He continued to work for RILS on a part-time basis from 1996 to 1999.

Bar Admissions

- Supreme Court of the United States
- First Circuit Court of Appeal
- United States District Court, District of Rhode Island
- Supreme Court of Rhode Island

Education

1982 Juris Doctor
 Hastings College of Law - University of California

1978 Bachelor of Arts
 Boston University

Professional Activities

2006 - 2012 Member of the Federal Judicial Conference Advisory Committee on Bankruptcy Rules from, appointed by Chief Justice John Roberts

2007 - 2014 Member of the United States Bankruptcy Court for the District of Massachusetts Advisory Committee on Local Rules

2017 - 2019 Commissioner, American Bankruptcy Institute's Commission of Consumer Bankruptcy

2012 - present Member of the Board of Editors of Collier on Bankruptcy

2011 - present Conferee, National Bankruptcy Conference

2008 - present Fellow, American College of Bankruptcy

2008 - 2011 Adjunct faculty member at Boston College School of Law, teaching a course on consumer bankruptcy

Publications

Treatises

Contributing Author, *Collier on Bankruptcy* (16th Ed.).

Contributing Author, *Collier Bankruptcy Practice Guide*.

Editor and Contributing Author, *Consumer Bankruptcy Law and Practice*, Consumer Credit and Legal Practice Series (11th Ed. 2015).

Co-author, *Mortgage Servicing and Loan Modifications*, Consumer Credit and Legal Practice Series (2019).

Co-author, *Foreclosures and Mortgage Servicing*, Consumer Credit and Legal Practice Series (5th Ed. 2014).

Co-author, *Bankruptcy Basics*, Consumer Credit and Legal Practice Series (2d Ed. 2013).

Co-author, NCLC's *Guide to Surviving Debt* (7th Ed. 2008).

Co-author, *Consumer Bankruptcy Law and Practice: Special Guide to the 2005 Act*, Consumer Credit and Legal Practice Series (2005).

Contributing Author, *Stop Predatory Lending: A Guide for Legal Advocates* (2d Ed. 2007).

Contributing Author, *Student Loan Law*, Consumer Credit and Legal Practice Series (3d Ed. 2006 and 2008 Supp.).

Articles

Author, "New Servicing Regulations Adopt Sensible Approach," *American Bankruptcy Institute Journal*, May, 2013.

Author, "The Other Foreclosure Crisis: Property Tax Lien Sales," National Consumer Law Center, 2012.

Author, "Bankruptcy Courts Respond To Foreclosure Crisis With Loss-Mitigation Programs," *American Bankruptcy Institute Journal*, Vol. XXX, No. 14, Mar. 2011.

Author, "'Proof of Claim' and Bankruptcy Fees: Are They Really Attorneys' Fees?," *American Bankruptcy Institute Journal*, Vol. XXIX, No. 12, Mar. 2010.

Co-Author, "Foreclosing a Dream: State Laws Deprive Homeowners of Basic Protections," National Consumer Law Center, February 2009.

Author, "Servicing of Home Mortgages in Bankruptcy: When Worlds Need Not Collide," *American Bankruptcy Institute Journal*, Vol. XXVIII, No. 1, Feb. 2009.

Author, "A Fresh Look at Curing Mortgage Defaults in Chapter 13," *American Bankruptcy Institute Journal*, Vol. XXVII, No. 14, Feb. 2008.

Author, "Impact of *Marrama* on Case Conversions: Addressing the Unanswered Questions," *American Bankruptcy Institute Law Review*, Vol. 15, No. 2, Winter 2007.

Author, "Testing the Limits of Statutory Construction Doctrines: Deconstructing the 2005 Bankruptcy Act," *American University Law Review*, Vol. 55, No. 5, 2006.

Author, "Debt Buyers Rewriting of Rule 3001: Taking the 'Proof' Out of the Claims Process," *American Bankruptcy Institute Journal*, Vol. XXIII, No. 6, July/August 2004.

Co-author, "The Match Continues: First Circuit Rules on Remedies for Discharge Violations," *American Bankruptcy Institute Journal*, Vol. XIX, No. 10, December/January 2001.

Author, "Sovereign Immunity: Don't Assume That Student Loan Agency Is An Arm Of The State," *Consumer Bankruptcy News*, April, 2000.

Author, NCLC REPORTS, Bankruptcy and Foreclosure Edition (2000-2014).

Educational Programs

Mr. Rao has presented as speaker, panelist and trainer at continuing legal education programs on numerous occasions, sponsored by the following entities, among others:

American Bankruptcy Institute	Massachusetts Continuing Legal Education, Inc.
American Bar Association	New Orleans Legal Assistance
American College of Bankruptcy	National Legal Aid and Defender Association
American University College of Law	National Association of Consumer Advocates
AARP Foundation	National Association of Consumer Bankruptcy Attorneys
Bankruptcy Section of Minnesota State Bar Association	National Consumer Law Center
Barnstable County Bar Association	National Conference of Bankruptcy Judges
Boston Bar Association Education Committee	National Association of Bankruptcy Trustees
Central Florida Bankruptcy Law Association	New York University
City of Seattle, Office of Housing	National Housing Law Project
Cleveland Metropolitan Bar Association	Nevada State Bar Association
Connecticut Bar Institute and Bar Association	Neighborhood Legal Services, Inc., (Danvers)
Detroit Consumer Bankruptcy Conference	New Center for Legal Advocacy, Inc.
Department of Housing and Urban Development	New Hampshire Legal Assistance
Drake University Law School	Land of Lincoln Legal Assistance, Inc.
East Palo Alto Community Legal Services	Legal Assistance of North Dakota
Empire Justice Center	Legal Services New York City
Erie County Bar Association	Legal Services of Eastern Missouri.
Harvard University Journal on Legislation	Legal Aid Services of Oklahoma, Inc.
Federal Judicial Center	Legal Services for Cape Cod and Islands, Inc.
Florida Legal Services	O'Neill Great Lakes Regional Bankruptcy Institute
Greater Boston Legal Services	Oregon Bar Association
Georgetown University School of Law	Peabody Neighborhood Legal Services Volunteer Lawyer Program
Judge Joe Lee Bankruptcy Institute	Practicing Law Institute
Institute for Foreclosure Legal Assistance	Roger Williams University
Illinois State Bar Association	Rhode Island Bar Association
Hon. Alexander L. Paskay Annual Bankruptcy Seminar	Rhode Island Law Institute
Hudson Valley Bankruptcy Bar Association	Sacramento Valley Bankruptcy Forum
Hon. Frank W. Koger Bankruptcy Symposium	South Middlesex Legal Services Pro Bono Program
Mid-Hudson Bankruptcy Bar Association	Southeastern Bankruptcy Law Institute
Mississippi Center for Legal Services	
Maine State Bar Association	
Massachusetts Office of the Attorney General	

South Carolina Bankruptcy Law Assoc.
Syracuse University College of Law
State Bar Association of North Dakota
State Bar of Wisconsin
Trial Lawyers of America Association
Texas Lawyers Care

The Foundation of the State Bar of California
Univ. of Missouri – Kansas City School of Law
Univ. of New Hampshire School of Law
U.S. Bankruptcy Court Dist. Of Nevada
Volunteer Lawyer Project of Boston Bar Assoc.

Board Member Affiliations

2012 – present	Board of Editors of Collier on Bankruptcy
2010 – present	National Consumer Bankruptcy Rights Center
1998 – 2015	National Association of Consumer Bankruptcy Attorneys
2002 – 2008	American Bankruptcy Institute
2000 – 2008	Rhode Island Legal Services, Inc., Providence, Rhode Island
1992 – 1998	Action Community Land Trust, Kingston, Rhode Island

Written Testimony of

Dalié Jiménez
Professor of Law
University of California, Irvine School of Law

Before the:

House Judiciary Subcommittee on
Antitrust, Commercial, and Administrative Law

June 25, 2019

10 a.m.

Rayburn House Office Building, Washington, D.C.



Witness Background Statement

Dalié Jiménez is a Professor of Law at the UC Irvine School of Law where she teaches courses on bankruptcy, consumer financial regulation, and contracts.

Professor Jiménez is one of three principal investigators in the Financial Distress Research Project, a large-scale, longitudinal, randomized control trial evaluating the effectiveness of legal and counseling interventions to help individuals in financial distress. The project has received generous financial support from the National Science Foundation, the American Bankruptcy Institute, the National Conference of Bankruptcy Judges, and the Arnold Foundation, among others.

A member of the American Bankruptcy Institute's Consumer Bankruptcy Commission, Professor Jiménez has published half a dozen articles examining the bankruptcy system, student loans, and student loans in bankruptcy. She also co-leads the Student Loan Law Initiative at UCI Law, a partnership with the Student Borrower Protection Center aimed at spurring more academic research on the issue of student debt.

Professor Jiménez spent a year as part of the founding staff of the Consumer Financial Protection Bureau working on debt collection, debt relief, credit reporting, and student loan issues. Prior to her academic career, she clerked for the Honorable Juan R. Torruella of the United States Court of Appeals for the First Circuit, was a litigation associate at Ropes & Gray in Boston, and managed consumer protection issues for a Massachusetts state senator.

A *cum laude* graduate of Harvard Law School, Professor Jiménez also holds dual B.S. degrees in electrical engineering/computer science and political science from the Massachusetts Institute of Technology.

Chairman Cicilline, Ranking Member Sensenbrenner, and members of the Subcommittee:

Thank you for the opportunity to speak to you today.

My name is Dalié Jiménez. I am a tenured professor at the University of California, Irvine School of Law, where I teach courses in bankruptcy, consumer financial protection, and contracts. I also co-lead the Student Loan Law Initiative at UCI Law, a project aimed at spurring more academic research on the issue of student debt. The views I express here are my own, however.

Student debt is in the news far more often than any other consumer financial product. And deservedly so. Today, roughly 1 in 5 adults have a student loan.¹ The Federal Reserve Bank of New York estimates that roughly 20%² of the outstanding dollars of student loans are delinquent, a proportion that's higher than all other types of consumer credit in the same quarter. The growth in numbers and amount of debt has also been staggering.

We have copious evidence that this debt is dragging down the economy and that people are suffering. Studies link student debt to lower levels of homeownership and car purchases, higher household financial distress, delayed marriage, and lower probability of going to graduate school.³

Finally, there is abundant evidence that student debt is increasing gender and racial disparities in this country.⁴ Women make up half of the population but owe two-thirds

¹ There are 44.7 million student loan borrowers. The Census Bureau estimates the total US population as 327,167,434 (as of July 1, 2018). Roughly 77.6% of the US population is over 18. Zack Friedman, *STUDENT LOAN DEBT STATISTICS IN 2019: A \$1.5 TRILLION CRISIS* FORBES, <https://www.forbes.com/sites/zackfriedman/2019/02/25/student-loan-debt-statistics-2019/> (last visited Jun 23, 2019). U.S. Census Bureau QuickFacts: United States, , <https://www.census.gov/quickfacts/fact/table/US/PST045218> (last visited Jun 23, 2019)

² The rate reported in the FRBNY charts is 10.9% for the first quarter of 2019. However, they note that “[a]s explained in a 2012 report, delinquency rates for student loans are likely to understate effective delinquency rates because about half of these loans are currently in deferment, in grace periods or in forbearance and therefore temporarily not in the repayment cycle. This implies that among loans in the repayment cycle delinquency rates are roughly twice as high.” NEW YORK FEDERAL RESERVE, CENTER FOR MICROECONOMIC DATA, *QUARTERLY REPORT ON HOUSEHOLD DEBT & CREDIT (Q1 2019)*, at 2, https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2019q1.pdf.

³ See AMERICAN BANKRUPTCY INSTITUTE, *FINAL REPORT OF THE ABI COMMISSION ON CONSUMER BANKRUPTCY 3* (2018)(collecting studies). See also AMERICAN STUDENT ASSISTANCE, *LIFE DELAYED: THE IMPACT OF STUDENT DEBT ON THE DAILY LIVES OF YOUNG AMERICANS* (2015), https://www.asa.org/site/assets/files/4646/life_delayed_12-2015.pdf; IRENE LEW, HARVARD UNIVERSITY JOINT CTR. FOR HOUSING STUDIES, *STUDENT LOAN DEBT AND THE HOUSING DECISIONS OF YOUNG HOUSEHOLDS* (2015), https://www.jchs.harvard.edu/sites/default/files/lew_research_brief_student_loan_11_2015.pdf.

⁴ Judith Scott-Clayton, *What accounts for gaps in student loan default, and what happens after*, BROOKINGS (2018), <https://www.brookings.edu/research/what-accounts-for-gaps-in-student-loan-default-and-what-happens-after/>; Jason N. Houle & Fenaba R. Addo, *Racial Disparities in Student Debt and the Reproduction of the Fragile Black Middle Class*, SOCIOLOGY OF RACE AND ETHNICITY 2332649218790989 (2018), <https://doi.org/10.1177/2332649218790989>; Susan Adams, *WHITE HIGH SCHOOL DROP-OUTS ARE AS LIKELY*

of outstanding student loan debt.⁵ Department of Education data shows that twelve years after they entered college, the median white borrower had paid down 35% of their original loan balance.⁶ In contrast, the median African American's loan balance had grown 113%.⁷

I want to make four main points in my testimony:

- (1) student debt is a civil rights issue and is exacerbating inequality;
- (2) federal student loans should be dischargeable in bankruptcy;
- (3) private student loans do not deserve special treatment in bankruptcy; and
- (4) the “moral hazard” arguments against these proposals have no empirical basis.

I. Student Debt is a Civil Rights Issue⁸

Student debt is a civil rights issue. Students of color, especially African American students, disproportionately borrow,⁹ borrow larger amounts,¹⁰ do so to attend schools associated with lower graduation rates¹¹ and worse career outcomes,¹² and default at

TO LAND JOBS AS BLACK COLLEGE STUDENTS FORBES, <https://www.forbes.com/sites/susanadams/2014/06/27/white-high-school-drop-outs-are-as-likely-to-land-jobs-as-black-college-students/> (last visited May 24, 2019).

⁵ Women's Student Debt Crisis in the United States: AAUW, <https://www.aauw.org/research/deeper-in-debt/> (last visited Jun 14, 2019).

⁶ Ben Miller, NEW FEDERAL DATA SHOW A STUDENT LOAN CRISIS FOR AFRICAN AMERICAN BORROWERS, CENTER FOR AMERICAN PROGRESS (2017), <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/>.

⁷ *Id.*

⁸ Portions of this section are borrowed from a draft essay with Jonathan Glater, currently titled “The Civil Rights Case for Student Debt Reform,” forthcoming in volume 55.1 of the Harvard Civil Rights-Civil Liberties Journal.

⁹ Brandon A. Jackson and John R. Reynolds, *The Price of Opportunity: Race, Student Loan Debt, and College Achievement*, 83 SOCIOLOGICAL INQUIRY 335, 351 (2013).

¹⁰ *Id.* [Jackson & Reynolds @ 351]

¹¹ This is so because these students disproportionately attend for-profit providers of postsecondary education. Sandra Staklis, Vera Bersudskaya, and Laura Horn, Department of Education National Center for Education Statistics, STUDENTS ATTENDING FOR-PROFIT POSTSECONDARY INSTITUTIONS: DEMOGRAPHICS, ENROLLMENT CHARACTERISTICS, AND SIX-YEAR OUTCOMES 6 (tbl. 1) (2011), <https://nces.ed.gov/pubs2012/2012173.pdf>. The worse outcomes at for-profit institutions are well documented; see, e.g., David J. Deming, Claudia Golden, and Lawrence F. Katz, *The For-Profit Postsecondary School Sector: Nimble Critters or Agile Predators?*, 26 J. Econ. Perspectives 139, 152-160 (2012) (analyzing higher student loan default rates at for-profit institutions, the lower likelihood of achieving a bachelor's degree at such schools, and the heavier debt burdens borne by students who attend them).

¹² Stephanie Riegg Cellini and Latika Chaudhary, *The Labor Market Returns to a For-Profit College Education*, National Bureau of Economic Research, Working Paper No. 18343, at 4-5 (2012), at www.nber.org/papers/w18343.pdf (finding that returns to for-profit postsecondary education lag those estimated for students of other types of postsecondary institutions).

higher rates,¹³ and have higher unemployment.¹⁴ The decision to make loans a primary way of funding education has had a disparate, negative impact on students who belong to racial and ethnic groups historically subject to explicit, *de jure* and more recently *de facto* discrimination.

Student debt may not have been proposed or developed as a tool of oppression, racial, socioeconomic, or otherwise, but it serves to reinforce preexisting inequality along lines of race and class in at least three ways:

- (1) graduates encumbered by debt do not have the same opportunities as their classmates who are not,¹⁵
- (2) students who do not graduate but did borrow confront significantly greater challenges than students who fail to complete but who did not borrow,¹⁶ and
- (3) some potential students are so fazed by the prospect of indebtedness that they choose to forego higher education entirely.¹⁷

Student debt is exacerbating the racial wealth gap.¹⁸ The vast differences persist even among White and African American households with higher education credentials. “White households with a bachelor’s degree or post-graduate education (such as with a Ph.D., MD, and JD) are *more than three times* as wealthy as black households with the same degree attainment.”¹⁹ What’s worse,

¹³ J. Fredericks Volkwein, Bruce P. Szelest, Alberto F. Cabrera, and Michelle R. Napierski-Prancl, *Factors Associated with Student Loan Default among Different Racial and Ethnic Groups*, 69 J. HIGHER EDUC. 206, 215 (1998).

¹⁴ BLACK UNEMPLOYMENT IS RISING AGAIN, AND TRUMPISM COULD BE PLAYING A ROLE FORBES, <https://www.forbes.com/sites/pedrodacosta/2019/05/17/black-unemployment-is-rising-again-and-trumpism-could-be-playing-a-role/> (last visited May 21, 2019).

¹⁵ Jonathan D. Glater, *Student Debt and Higher Education Risk*, 103 CAL. L. REV. 1561, 1582 (2015).

¹⁶ This is so because the student borrower who drops out may not enjoy an income boost that would have been associated with completion of a program of study but will still face a repayment obligation.

¹⁷ Some scholars have found that students from some ethnic groups, such as Latinx students and Asian American students, express an aversion to taking on debt to pay for higher education. ALISA F. CUNNINGHAM AND DEBORAH A. SANTIAGO, *STUDENT AVERSION TO BORROWING: WHO BORROWS AND WHO DOESN’T* 18 (2008), <http://files.eric.ed.gov/fulltext/ED503684.pdf>, accord Pamela Burdman, *The Student Debt Dilemma: Debt Aversion As A Barrier To College Access* 9, Center for Studies in Higher Education, University of California, Berkeley (2005), <https://cshe.berkeley.edu/sites/default/files/publications/rop.burdman.13.05.pdf> (describing lower rates of borrowing by students of Mexican descent).

¹⁸ LAURA SULLIVAN ET AL., *THE RACIAL WEALTH GAP* (Demos) (2015), https://www.demos.org/sites/default/files/publications/RacialWealthGap_1.pdf; THOMAS SHAPIRO ET AL., *THE ROOTS OF THE WIDENING RACIAL WEALTH GAP: EXPLAINING THE BLACK-WHITE ECONOMIC DIVIDE* (Institute on Assets and Social Policy) (2013); WILLIAM DARITY JR ET AL., *WHAT WE GET WRONG ABOUT CLOSING THE RACIAL WEALTH GAP* (Samuel DuBois Cook Center on Social Equity) (2018); *THE ASSET VALUE OF WHITENESS: UNDERSTANDING THE RACIAL WEALTH GAP* DEMOS, <https://www.demos.org/research/asset-value-whiteness-understanding-racial-wealth-gap> (last visited May 18, 2019); Louise Seamster, *Black Debt, White Debt*, 18 CONTEXTS 30–35 (2019).

¹⁹ (emphasis added). William Darity Jr et al., *WHAT WE GET WRONG ABOUT CLOSING THE RACIAL WEALTH GAP* (Samuel DuBois Cook Center on Social Equity) (2018).

on average, a **black household with a college-educated head has less wealth than a white family whose head did not even obtain a high school diploma.**

It takes a post-graduate education for a black family to have comparable levels of wealth to a white household with *some* college education or an associate's degree.²⁰

It is no surprise then that “[twelve] years after entering college, the typical African American student who started in the 2003-04 school year and took on debt for their undergraduate education owed more on their federal student loans than they originally borrowed.”²¹ And not just a little more: the median African American student owed 13% *more* than what they originally borrowed *twelve years earlier*.²²

Education is not “the great equalizer” for students of color.²³ A bachelor's degree hardly insulates African American students from loan default: 23% of those in the 2003-04 cohort defaulted in their loans, as compared to 6% of White students and a 9% overall default rate for completers.²⁴ In fact, African American student borrowers default on their federal student loans at *more than twice* the rate as their white counterparts, irrespective of whether they obtained a bachelor's, associate, or no degree.²⁵ Professor Abbye Atkinson's bankruptcy research supports these findings. She finds that African Americans with a college degree are just as likely to file for bankruptcy as African Americans without one.²⁶ The same is not true for White students. She concludes that “while a college diploma may help to insulate college graduates in general and White graduates specifically from financial challenges as represented by bankruptcy filings, for African Americans, a college diploma provides little economic insulation from bankruptcy.”²⁷

²⁰ (emphasis added). William Darity Jr et al., *WHAT WE GET WRONG ABOUT CLOSING THE RACIAL WEALTH GAP* (Samuel DuBois Cook Center on Social Equity) (2018).

²¹ Miller, *New Federal Data*, *supra* note 6.

²² One thought might be that this is due to a larger percentage of dropouts. But one would be wrong: “[r]egardless of whether they graduated or dropped out, the median African American student owed more than they originally borrowed.” *Id.* By comparison, African American borrowers who started college in 1995-96 and owed 101 percent a dozen years later.” *Id.*

²³ THE DECLINE OF THE “GREAT EQUALIZER” THE ATLANTIC, <https://www.theatlantic.com/business/archive/2012/12/the-decline-of-the-great-equalizer/266455/> (last visited May 21, 2019); Louise Seamster & Raphaël Charron-Chénier, *Predatory Inclusion and Education Debt: Rethinking the Racial Wealth Gap*, 4 SOCIAL CURRENTS 199, 200 (2017) (“Student loans, in other words, may allow an increasing number of black students to pursue a college education, but available evidence suggests that this occurs in a context where differential returns yield much lower returns than those experienced by whites.”).

²⁴ *Id.*; see also Miller, *New Federal Data*, *supra* note 6.

²⁵ Forty-nine percent of African American students and 21% of White students who entered college in 2003-04 and took out federal loans defaulted on them. NEW FEDERAL DATA SHOW A STUDENT LOAN CRISIS FOR AFRICAN AMERICAN BORROWERS CENTER FOR AMERICAN PROGRESS, <https://www.americanprogress.org/issues/education-postsecondary/news/2017/10/16/440711/new-federal-data-show-student-loan-crisis-african-american-borrowers/> (last visited May 18, 2019) (Table 4).

²⁶ Abbye Atkinson, *Race, Educational Loans & Bankruptcy*, 16 MICHIGAN JOURNAL OF RACE & LAW 1, 12 (2010).

²⁷ Abbye Atkinson, *Race, Educational Loans & Bankruptcy*, 16 MICHIGAN JOURNAL OF RACE & LAW 1, 12 (2010).

Given these disparities, it is not surprising that we have abundant evidence of large—and rapidly growing—racial disparities in who has student debt and how much they owe.²⁸ “By the time they are in their fourth year of study, 90% of African American and 72% of LatinX undergraduate students have acquired student loan debt, as compared to 66% of white students.²⁹ Four years after earning a bachelor’s degree, black graduates in the 2008 cohort held \$24,720 more student loan debt than white graduates (\$52,726 versus \$28,006), on average.”³⁰

There is also growing evidence that students of color are treated differently while in repayment. The National Consumer Law Center has found that student loan servicers chose to sue defaulted borrowers at higher rates in communities that have a higher density of people of color.³¹ Over 60% of these cases result in a default judgment.³² Given that communities with higher numbers of people of color generally have less wealth, the higher rate of lawsuits in those communities make little economic sense. The Consumer Financial Protection Bureau has reported the difficulties that many students encounter when attempting to enroll in IDR,³³ and now we also have evidence that borrowers of color enroll in IDR at much lower rates than White borrowers (about half for African American borrowers and one quarter for Latinx borrowers).³⁴

Student debt disproportionately and adversely affects communities of color and we must view reforms through a civil rights lens. There are many things Congress could do to reverse this effect, but today I will only speak to the two major reforms being considered by this subcommittee: making all student loans (private and federal) dischargeable in bankruptcy.

²⁸ JUDITH SCOTT-CLAYTON & JING LI, BLACK-WHITE DISPARITY IN STUDENT LOAN DEBT MORE THAN TRIPLES AFTER GRADUATION (Brookings) (2016), <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>

²⁹ <https://www.consumerfinance.gov/about-us/blog/significant-impact-student-debt-communities-color/>. These numbers were based on 2011-12 NPSAS data, which undercounted the total debt load. Department of Education, *2015–16 National Postsecondary Student Aid Study (NPSAS:16) Student Financial Aid Estimates for 2015–16 First Look* at B-29 (2018).

³⁰ JUDITH SCOTT-CLAYTON & JING LI, BLACK-WHITE DISPARITY IN STUDENT LOAN DEBT MORE THAN TRIPLES AFTER GRADUATION (Brookings) (2016), <https://www.brookings.edu/research/black-white-disparity-in-student-loan-debt-more-than-triples-after-graduation/>

³¹ MARGARET MATTES & YU, PERSIS, INEQUITABLE JUDGMENTS: EXAMINING RACE AND FEDERAL STUDENT LOAN COLLECTION LAWSUITS (2019), https://www.nclc.org/images/pdf/student_loans/report-inequitable-judgments-april2019.pdf.

³² *Id.*

³³ SETH FROTMAN, UPDATE FROM THE CFPB STUDENT LOAN OMBUDSMAN: TRANSITIONING FROM DEFAULT TO AN INCOME-DRIVEN REPAYMENT PLAN (MAY 17, 2017), <https://www.consumerfinance.gov/data-research/research-reports/update-cfpb-student-loan-ombudsman-transitioning-default-income-driven-repayment-plan/>; SETH FROTMAN, CONSUMER FIN. PROT. BUREAU: ANNUAL REPORT OF THE STUDENT LOAN OMBUDSMAN (2015), https://files.consumerfinance.gov/f/201510_cfpb_annual-report-of-the-cfpb-student-loan-ombudsman.pdf.

³⁴ Kristin Blagg, THE DEMOGRAPHICS OF INCOME-DRIVEN STUDENT LOAN REPAYMENT URBAN INSTITUTE (2018), <https://www.urban.org/urban-wire/demographics-income-driven-student-loan-repayment> (last visited May 30, 2019).

II. Federal Student Loans Should Be Dischargeable in Bankruptcy

Our \$1.56 trillion in outstanding student loans and rising defaults are symptoms of much larger problems. To wit, the way we fund higher education is broken and we are perhaps harming more than we are helping those who need it the most. Those are structural problems that bankruptcy cannot solve. Bankruptcy, however, is well suited to bring relief to *individuals* suffering greatly under the weight of this system. **I urge this Subcommittee to act to move legislation forward that would make the bankruptcy discharge available to student loan borrowers.**

It is hard to find *anyone* who's happy with the current state of the law around student loan discharges,³⁵ but I will not rehash the history of how we got here.³⁶ Instead I want to focus on the problems with the arguments against discharge, how we are failing our student borrowers,³⁷ and how the bills you are considering today would put us in the right path going forward.

A. Arguments Against Discharge

There are a few arguments against discharging federal student loans in bankruptcy. A typical one posits that the student has benefited from the education at the expense of the creditor and thus they ought to be obligated to repay despite bankruptcy.³⁸ That argument is specious both because it ignores the public good aspects of education and because it is indistinguishable from an argument against discharging any other kind of government debt in bankruptcy.³⁹

Another category of arguments can be described as worries over opportunism, fraud, or moral hazard. In Part IV of this testimony, I show why those arguments are overstated. It

³⁵ Katy Stech Ferek, *Judges Wouldn't Consider Forgiving Crippling Student Loans—Until Now*, Wall St. J. (June 14, 2018),

<https://www.wsj.com/articles/judges-wouldnt-consider-forgiving-crippling-student-loans-until-now-1528974001>. *But see* Jason Iuliano, *Student Loans and Surmountable Access-to-Justice Barriers*, 68 Florida Law Review 377, 379 (2016) (“the widespread pessimism regarding the current undue hardship standard should be tempered.”) for a minority view.

³⁶ The American Bankruptcy Institute Consumer Commission Report has a brief history, as do a number of scholarly articles. AMERICAN BANKRUPTCY INSTITUTE, FINAL REPORT OF THE ABI COMMISSION ON CONSUMER BANKRUPTCY 3-9 (2018) [hereinafter ABI COMMISSION REPORT]; Rafael I. Pardo, *The Undue Hardship Thicket: On Access to Justice, Procedural Noncompliance, and Pollutive Litigation in Bankruptcy*, 66 FLORIDA LAW REVIEW (2014), http://papers.ssrn.com/sol3/papers.cfm?abstract_id=2426744 (last visited Oct 14, 2014).

³⁷ For further discussion of issues with the judicial interpretations of “undue hardship” see Matthew Bruckner, Brook E. Gotberg, Dalié Jiménez, and Chrystin Ondersma, *A No-Contest Discharge for Uncollectible Student Loans*, forthcoming in the Colorado Law Review (2019), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3366707 (proposing that the Department of Education use their powers to acquiesce to undue hardship discharge under certain limited circumstances).

³⁸ Accord John AE Pottow, *The Nondischargeability of Student Loans in Personal Bankruptcy Proceedings: The Search for a Theory*, 44 CAN. BUS. LJ 245, 256 (2006).

³⁹ Bear in mind that we discharge federal and state tax debts after a 3-4 year period, and federally-guaranteed mortgage debt immediately. 11 U.S.C. § 523(a)(1).

should be noted here that these moral hazard-type arguments are applicable to most other debts dischargeable in bankruptcy.

The most sensible justification for treating federal student loans differently in bankruptcy than say, mortgages or personal loans, is that making these loans dischargeable would compromise the viability of the student loan program.⁴⁰ But even then, I do not think this argument holds much water. Its viability requires at least two assumptions: (1) that making any kind of discharge available for federal student loans would precipitate mass bankruptcies that would discharge sizable portions of student loan debt; (2) that the funding of the federal student loan program depends on its solvency.

These are both faulty assumptions. First, even at the height of bankruptcy filings, less than 1.5 million people filed annually; these days it is around 750,000.⁴¹ Compare this to the almost 45 million people who currently have a student loan.⁴² The numbers don't add up. If we expected a rush to bankruptcy the likes of which have never been seen,⁴³ we could design the discharge to slow down that rush by, for example, making loans dischargeable only after some period of time. The second assumption is also flawed. The funding of the federal student loan program is a political question. It does not depend on the fiscal solvency of the program itself, anymore than the funding of the Social Security Trust Fund.⁴⁴ The real question (and it's a difficult one) is where do the American people (through their elected representatives) think it is worthwhile to put our dollars. I would argue that higher education is one such place, although we do not necessarily need to do it through loans.

⁴⁰ *Accord Pottow, supra* note 38.

⁴¹ In 2018, there were 751,186 nonbusiness bankruptcies. Report F-5A.U.S. Bankruptcy Courts—Business and Nonbusiness Bankruptcy Cases Commenced, by County and Chapter of the Bankruptcy Code, During the 12-Month Period Ending December 31, 2018, https://www.uscourts.gov/sites/default/files/data_tables/bf_f5a_1231.2018.pdf.

⁴² *See supra* note 1.

⁴³ *See* Part IV for reasons why this is unlikely.

⁴⁴ Jim Kavanaugh, *Behind the Money Curtain: A Left Take on Taxes, Spending and Modern Monetary Theory, Counter Punch* (Jan. 22, 2018), <https://www.counterpunch.org/2018/01/22/behind-the-money-curtain-a-left-take-on-taxes-spending-and-modern-monetary-theory/>; Sean Williams, FACT OR FICTION: SOCIAL SECURITY IS RUNNING OUT OF MONEY? - THE MOTLEY FOOL (2018), <https://www.fool.com/retirement/2018/06/15/fact-or-fiction-social-security-is-running-out-of.aspx>; Sean Williams, FACT OR FICTION: SOCIAL SECURITY IS RUNNING OUT OF MONEY? THE MOTLEY FOOL (2018), <https://www.fool.com/retirement/2018/06/15/fact-or-fiction-social-security-is-running-out-of.aspx>.

B. Bankruptcy as the Last Safety Net

In many ways, bankruptcy functions as the last social safety net in a shrinking field of available alternatives.⁴⁵ All the evidence points to it being inadequate,⁴⁶ and yet even this last resort is unavailable to most student loan debtors.⁴⁷ The current system creates almost insurmountable barriers to justice for any but the “luckiest” of student loan debtors.⁴⁸ In significant part, this is due an access problem.⁴⁹ Few lawyers do this work. Fewer still are willing to take it on without an upfront fee, a challenge for debtors for whom it is an undue hardship to repay the loans. The debtors who most deserve this relief are those least likely to get it.⁵⁰

The plethora of *ex post* schemes that Congress has approved in the last decade are meant to ameliorate the social and economic costs to an individual who lost the educational “bet” when borrowing for education.⁵¹ In theory, they should be working splendidly. Indeed, given that practically all federal student loan borrowers are eligible for some form of IDR, we should have very low levels of defaults. In practice, these interventions are a disaster and we are seeing record levels of preventable defaults.⁵² Fixing these issues should be a priority, but it will take time. In the meantime, students who could find relief in bankruptcy are suffering.

I also want to highlight a forgotten but serious deficiency with our courts’ current interpretations of the statutory standard. Each of the judicial glosses interpreting “undue

⁴⁵ Jean Braucher, *Consumer Bankruptcy as Part of the Social Safety Net: Fresh Start or Treadmill*, 44 Santa Clara Law Review 29 (2004); Adam Feibelman, *Defining the Social Insurance Function of Consumer Bankruptcy*, 13 AM. BANKR. INST. L. REV. 129 (2005).

⁴⁶ Katherine Porter & Deborah Thorne, *The Failure of Bankruptcy’s Fresh Start*, 92 CORNELL LAW REVIEW 63 (2006).

⁴⁷ The numbers are hard to come by, but one study estimates that thirty-two percent of consumers filing for Chapter 7 bankruptcy do so with student loan debt. Mike Brown, *EVEN AFTER BANKRUPTCY, STUDENT DEBT STILL REMAINS FOR MANY*, LENDEDU (June 11, 2019), <https://lendedu.com/blog/student-loans-bankruptcy>.

⁴⁸ In *A No-Contest Discharge*, we recount the story of Mr. Mosley, a homeless veteran who attempted to discharge his student loans. His discharge was ultimately granted, but only after three years of fighting the Educational Credit Management Corporation, representing the Department of Education. *A No-Contest Discharge*, *supra* note 37, at 2-4. He is one of the “lucky” ones.

⁴⁹ Rafael I. Pardo, *The Undue Hardship Thicket: On Access to Justice, Procedural Noncompliance, and Pollutive Litigation in Bankruptcy*, 66 FLORIDA LAW REVIEW (2014).

⁵⁰ Rafael I. Pardo, *Taking Bankruptcy Rights Seriously*, 91 WASHINGTON LAW REVIEW 1115 (2016) (noting that “prior research suggests that individuals who have attained at least an undergraduate degree constitute a greater percentage of bankruptcy debtors who seek to discharge their educational debt than of debtors in the general bankruptcy population.”).

⁵¹ Income-Driven Plans, FEDERAL STUDENT AID (2018), [/repay-loans/understand/plans/income-driven](https://studentaid.ed.gov/sa/repay-loans/understand/plans/income-driven) (last visited Jun 24, 2019); Forgiveness, Cancellation, and Discharge | Federal Student Aid, <https://studentaid.ed.gov/sa/repay-loans/forgiveness-cancellation>; Deferment and Forbearance | Federal Student Aid, <https://studentaid.ed.gov/sa/repay-loans/deferment-forbearance>.

⁵² CONSUMER FINANCIAL PROTECTION BUREAU, *STUDENT LOAN SERVICING 10* (2015), https://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf; CONSUMER FINANCIAL PROTECTION BUREAU, *STUDENT LOAN SERVICING: ANALYSIS OF PUBLIC INPUT AND RECOMMENDATIONS FOR REFORM* (2015), at 10, https://files.consumerfinance.gov/f/201509_cfpb_student-loan-servicing-report.pdf.

hardship” focuses on the student and their ability to repay the debt. But this focus on the individual ignores systemic issues that would make repayment *undue*. Students with winning fraud, misrepresentation, or consumer protection claims against their school are not able to use undue hardship to repay their loan because the current framework does not fit that situation. Those students should not be saddled forever with this debt,⁵³ but as it stands the fact that they were mistreated by a school that accreditors and the Department of Education thought was worthy leaves many with little recourse.⁵⁴

Some of those students may have borrower defense arguments that they can make to the Department of Education, but many will not find relief with that avenue. The Department’s borrower defense rule may not cover their situation.⁵⁵ Or worse, they may face a Department unwilling to follow its own rules.⁵⁶ Under their current authority, the Department of Education could help student loan borrowers who file bankruptcy by deciding not to fight against students who want to discharge their loans in certain situations. Several members of Congress, academics, and the ABI Consumer Commission report have argued that it should do so in certain circumstances.⁵⁷

C. Bills before the Subcommittee and Possible Alternatives

The subcommittee has two bills before it that would remove all student loans from the list of exceptions to bankruptcy discharge, H.R. 2648 and H.R. 770. The Senate is considering a similar bill, S. 1414. These bills are simple and get at the heart of the problem. They treat federal student debt in the same way that we treat mortgages

⁵³ As effectively can happen with federal loans given that they do not have a statute of limitations. See PUB. L. No. 102-26, 105 Stat. 123 (Apr. 9, 1991), amending 20 U.S.C. § 1091a. See also Dalié Jiménez, *Ending Perpetual Debts*, 55 HOUSTON LAW REVIEW 609 (2017).

⁵⁴ Suing the school or officials who committed the fraud is theoretically an option, but one unlikely to yield monetary relief even if successful.

⁵⁵ Improved Borrower Defense Discharge Process Will Aid Defrauded Borrowers, Protect Taxpayers | U.S. Department of Education, , <https://www.ed.gov/news/press-releases/improved-borrower-defense-discharge-process-will-aid-defrauded-borrowers-protect-taxpayers>; but see *Partial Borrower Defense Denials Violate Due Process, Privacy Act: Injunction Sought Against DeVos*, Department of Education, HARVARD PROJECT ON PREDATORY STUDENT LENDING (2018), <http://www.legalservicescenter.org/partial-borrower-defense-denials-violate-due-process-privacy-act-injunction-sought-against-devos-department-of-education/>.

⁵⁶ Data Show No Action on Borrower-Defense Claims | Inside Higher Ed (Apr. 1, 2019), <https://www.insidehighered.com/quicktakes/2019/04/01/data-show-no-action-borrower-defense-claims>; *Review of Federal Student Aid’s Borrower Defense to Repayment Loan Discharge Process* | Oversight.gov (Dec. 8, 2017), <https://www.oversight.gov/report/ed/review-federal-student-aids-borrower-defense-repayment-loan-discharge-process>; Steven Chung, THE DEPARTMENT OF EDUCATION APPROVED A SHOCKINGLY LOW NUMBER OF FEDERAL STUDENT LOAN FORGIVENESS APPLICATIONS ABOVE THE LAW, <https://abovethelaw.com/2018/09/the-department-of-education-approved-a-shockingly-low-number-of-federal-student-loan-forgiveness-applications/>.

⁵⁷ See Press Release, *Cohen, 6 Members of Congress Urge Education Secretary to Bring More Fairness to Struggling Students* (May 16, 2014), <https://cohen.house.gov/press-release/cohen-6-members-congress-urge-education-secretary-bring-more-fairness-struggling>; ABI Commission on Consumer Bankruptcy Response, <https://www.regulations.gov/document?D=ED-2017-OPE-0085-0378>; *A No-Contest Discharge*, *supra* note 37.

backed by the Federal Housing Administration or Veterans' Affairs. These bills recognize that for the vast majority of individuals, declaring bankruptcy is declaring failure, and that they do not do this lightly.

I imagine that some members of Congress may be reluctant to vote for such a sweeping change. In that case, I want to comment briefly about a possible compromise. I was a member of the American Bankruptcy Institute Commission on Consumer Bankruptcy. This seventeen-member group was comprised of a diverse group of bankruptcy experts ranging from academics like myself to consumer advocates, judges, trustees, and a fair number of creditor lawyers.⁵⁸ The student loan issue was one of the first ones we took up and a supermajority of this group agreed on a set of recommendations.⁵⁹ Among other relevant proposals, the Commission recommended limiting the scope of 523(a)(8).⁶⁰ Specifically, the recommendations would limit the exception to bankruptcy discharge to educational loans that meet three criteria:

- (1) They were made, insured, or guaranteed by a governmental unit (such as a state or the federal government),
- (2) They were incurred for the debtor's own education, AND
- (3) They first became due less than seven years before the bankruptcy case was filed, regardless of any suspension of payments.

All other "student" loans would be treated like most other debt is treated in bankruptcy—dischargeable if the debtor gets a discharge. A student that obtained a governmental loan could not discharge that loan within seven years of the beginning of repayment unless they could meet the undue hardship standard.

Three major things to highlight to bring the recommendation home: (1) private student loans would be treated like credit cards (as I urge this Committee to do in the next Part of this testimony); (2) parent PLUS loans would be automatically dischargeable, and (3) we would return to the pre-1998 version of this section which made them immediately dischargeable if the loans had been outstanding for 7 years (70% of the typical period of repayment).

I want to note that the ABI Commission proposal would not fix the problems with the undue hardship standard.⁶¹ In particular, it would not fix the issues affecting students who were lied to and fraudulently induced to take out federal loans by their schools. I

⁵⁸ Members, American Bankruptcy Institute Commission on Consumer Bankruptcy, <https://consumercommission.abi.org/commission-members>.

⁵⁹ Two-thirds affirmative votes from members were required before a proposal would make it into the Commission Report.

⁶⁰ I do not have time to discuss the other statutory proposals and regulatory proposals but I do believe that they work best as a package (in particular the statutory proposals (1)-(4)). See . AMERICAN BANKRUPTCY INSTITUTE COMMISSION ON CONSUMER BANKRUPTCY REPORT, *supra* note 36 at 3-5.

⁶¹ To ameliorate some of that, the Commission report had another set of recommendations aimed at judges but that could also be implemented through statute or regulation. AMERICAN BANKRUPTCY INSTITUTE COMMISSION ON CONSUMER BANKRUPTCY REPORT, *supra* note 36 at 2.

view this as a significant problem and so my preference is for one of the aforementioned bills before the committee.

III. Private Student Loans Do Not Deserve Special Treatment

I now turn to the utterly indefensible treatment of private student loans in bankruptcy.⁶² Enacting any of the proposals discussed above would also solve the private student loan problem, but it is important to discuss it separately. In 2005, holders of private student loan (PSL) debt received a tremendous gift: the roughly \$55.9 billion of student loans originated under a Bankruptcy Code that allowed immediate discharge of those loans suddenly became presumptively nondischargeable.⁶³ There was no economic justification for this. None.

The only common feature between private and federal student loans is that they are extensions of credit for educational purposes.⁶⁴ Unlike with federal loans, private lenders pick and choose their borrowers, adjusting the loan price to the individual borrower.⁶⁵ This often results in private loans charging two and three times the federal loan interest rate. In addition, private loan borrowers lack the statutory protections afforded to federal student loan borrowers, posing an even higher risk to their financial well-being.

Since the 2005 amendments to the Bankruptcy Code, private student loan rates have ranged from 0% to almost 20%, depending on perceived borrower risk.⁶⁶ Due in large part this risk-based underwriting, private student loans have enjoyed a low default rate over the last decade. The latest PSL default rate is 2.19%.⁶⁷ This is far more similar to

⁶² Note that most of the arguments in Part II (particularly II.A and II.B) apply to private loans since they are not treated any differently from federal loans in bankruptcy.

⁶³ CONSUMER FINANCIAL PROTECTION BUREAU, PRIVATE STUDENT LOANS REPORT Appendix Figure 4, at 17 (2012), <https://www.consumerfinance.gov/data-research/research-reports/private-student-loans-report/>.

⁶⁴ Note that PSL lenders have sought a very broad reading of 523(a)(8), arguing, despite the statutory language to the contrary, that “‘educational benefit’ should be read to include any funds that the borrower purports to use to pay educational expenses.” Brief of Bankruptcy Scholars as Amici Curiae in Support of Appellees and Affirmance, *McDaniel v. Navient Solutions* (*In re McDaniel*), No. 18–01445 (10th Cir. Apr. 18, 2019).

⁶⁵ The Consumer Banker’s Association, a lender member group, attributes the success of private student loans to “... careful underwriting, which is arguably the best consumer protection of all.” CBA Statement on Department of Education Student Loan Bankruptcy Request for Information | Consumer Bankers Association (Feb. 21, 2018), <https://www.consumerbankers.com/cba-media-center/media-releases/cba-statement-department-education-student-loan-bankruptcy-request> (last visited Jun 15, 2019).

⁶⁶ CFPB PRIVATE STUDENT LOANS REPORT, *supra* note 63, Appendix Figure 2, at 97 (2012), <https://www.consumerfinance.gov/data-research/research-reports/private-student-loans-report/>. These were rates at origination, most private student loans are variable-rate, offloading interest rate risk on the borrower. *Id.*

⁶⁷ Federal and private loans do not have equivalent definitions of default. I am using here the charge-off rate reported for a large proportion outstanding private student loans as of the third quarter of 2018. See DAN FESHBACH ET AL., MEASUREONE: PRIVATE STUDENT LOAN REPORT Q3 2018, at 4 (Dec. 20, 2018), https://docs.wixstatic.com/ugd/0aaff0_0026dfd2506049cb9089731813e32e8f.pdf; CBA Statement on

credit cards (default rate of 2.5% in the same time period)⁶⁸ than to student loans issued by the federal government (10.8% default in a similar time period).⁶⁹ Between 2005 and 2011, the nine largest private student lenders reported that only 0.2-1.1% had a borrower or co-borrower who filed bankruptcy.⁷⁰

A few studies have examined the effect of the 2005 bankruptcy amendments on the private student loan market. I describe them below. The top-line summary is clear, **making private student loans nondischargeable harmed students**. PSLs are just like any other consumer debt and should be treated accordingly.

In one paper, Xiaoling Ang and I examined loans made just before the 2005 amendments and just after. We found that the immediate effects of making PSLs nondischargeable (comparing the quarter before the law went into effect to the same quarter a year later) was that (1) the average borrower's credit score decreased slightly,⁷¹ (2) loan volumes increased temporarily,⁷² and (3) **the costs of the loans increased by an average of 0.35%**.⁷³

In a second paper, Alexei Alexandrov and I once again examined the 2005 bankruptcy changes and found that **subprime students “saw little to no savings from the**

Dept. of Education Student Loan Report | Consumer Bankers Association, , <https://www.consumerbankers.com/cba-media-center/media-releases/cba-statement-dept-education-student-loan-report> (last visited Jun 15, 2019).

⁶⁸ The number quoted is from the third quarter of 2018. FRB: Charge-Off and Delinquency Rates on Loans and Leases at Commercial Banks, , <https://www.federalreserve.gov/releases/Chargeoff/delallsa.htm> (last visited Jun 16, 2019).

⁶⁹ National Student Loan Cohort Default Rate Falls | U.S. Department of Education, , <https://www.ed.gov/news/press-releases/national-student-loan-cohort-default-rate-falls> (last visited Jun 15, 2019).

⁷⁰ CFPB PRIVATE STUDENT LOANS REPORT, *supra note 63*.

⁷¹ This indicates a slight expansion in the kinds of borrowers who received credit post-BAPCPA but note “that in terms of less-than-prime borrowers, the credit expansion we observe[d] was modest: the effect on the average credit score was the same as applying for multiple credit cards within a short period.” Xiaoling Ang & Jimenez, Dalie, *Private Student Loans and Bankruptcy: Did Four-Year Undergraduates Benefit from the Increased Collectability of Student Loans?*, in *STUDENT LOANS AND THE DYNAMICS OF DEBT* 211 (2015). Additionally, as Darolia and Ritter note in a study of the same time period, “The increased prevalence of cosigners might be one reason that lenders were willing to extend more credit to less creditworthy borrowers even though dischargeability itself does not appear to affect borrower behavior relative to the behavior of borrowers with only federal student loans.” Rajeev Darolia & Dubravka Ritter, *Strategic Default Among Private Student Loan Debtors: Evidence from Bankruptcy Reform*, *EDUCATION FINANCE AND POLICY* 24 (2019), https://www.mitpressjournals.org/doi/abs/10.1162/edfp_a_00285 (last visited Jun 16, 2019).

⁷² PSL originations increased after 2005 from 6.6 billion to 7.8 billion in 2006 and a height of 10.1 billion in 2008. After the recession, volumes leveled out at pre-2005 levels (5.6 and 5.7 billion in 2010 and 2011, respectively). See Figure 4 in CFPB PRIVATE STUDENT LOAN REPORT, *supra note 63* at 17.

⁷³ This is the average increase comparing 2005 v. 2006 (right around the law change). The costs increase even further—to an additional 0.50%—when one compares Q1 2006 and Q1 2007. Xiaoling Ang & Jimenez, Dalie, *Private Student Loans and Bankruptcy: Did Four-Year Undergraduates Benefit from the Increased Collectability of Student Loans?*, in *STUDENT LOANS AND THE DYNAMICS OF DEBT* 179, 208 (2015).

reduction in bankruptcy protections” in 2005.⁷⁴ We also explored the question of whether students would have been more likely to borrow private loans if prices *had decreased* after 2005. We found that students around the prime/subprime cutoff are not sensitive to price and that “even if BAPCPA had lowered interest rates for students with subprime co-borrowers, even by as much as three percentage points, this interest rate decrease would not have resulted in additional students entering the market due to their inelastic demand.”⁷⁵

It is important to note that another change after 2005 is that the proportion of private loans with a co-borrower has increased dramatically. PSL co-borrowers can be a parent, spouse, or friend. In co-signing for a loan, they become liable for the full amount, should the main borrower (the student) fail to repay. A cosigner multiplies the possibility of recovery for the lender. In 2005, just over 60% of private loans made for a student to attend an undergraduate institution had a co-borrower. By 2010, that number was over 80%.⁷⁶ Today, that number is over 90%.⁷⁷ In other words: **when private student loans were dischargeable in bankruptcy, lenders required fewer undergraduates get a co-borrower than they do now.** Today, when lenders have the added protection of presumptive nondischargeability, they require almost all loans to have a co-borrower.

The last study examining the 2005 changes looked at “whether private student loan borrowers distinctly adjusted their Chapter 7 bankruptcy filing behavior in response” to the 2005 changes.⁷⁸ In other words: The authors note that they could not find evidence of “widespread opportunistic behavior by PSL borrowers” before BAPCPA.⁷⁹ They go on to say that they “interpret these findings as a lack of evidence that the moral hazard associated with PSL dischargeability pre-BAPCPA appreciably affected the behavior of student loan borrowers systematically.”⁸⁰

It is past time for Congress to end the special treatment for private student lenders. H.R. 885 would do just that and I urge this Committee to report this bill favorably.

IV. The Moral Hazard Arguments Against Discharge Are Grossly Overstated

A common objection to proposals that would make some or all student loans dischargeable in bankruptcy is that they will encourage consumers to ‘game’ the system.

⁷⁴ Alexei Alexandrov & Dalié Jiménez, *Lessons from Bankruptcy Reform in the Private Student Loan Market*, 11 HARV. L. & POL’Y REV. 175, 179 (2017).

⁷⁵ *Id.* at 201.

⁷⁶ CFPB PRIVATE STUDENT LOANS REPORT, *supra* note 63, at 27.

⁷⁷ DAN FESHBACH ET AL., MEASUREONE: PRIVATE STUDENT LOAN REPORT Q3 2018 39 (2018), https://docs.wixstatic.com/ugd/0aaff0_0026dfd2506049cb9089731813e32e8f.pdf.

⁷⁸ Rajeev Darolia & Dubravka Ritter, *Strategic Default Among Private Student Loan Debtors: Evidence from Bankruptcy Reform*, EDUCATION FINANCE & POLICY 1 (2019), https://doi.org/10.1162/edfp_a_00285.

⁷⁹ *Id.* at 28.

⁸⁰ *Id.*

That is, won't people just load up on loans, graduate, and file bankruptcy as quickly as possible? This argument is enticing, but it simply doesn't have empirical support.

This objection is rooted in theoretical speculation and “anecdotal”—anecdotal evidence passed as representative facts. These stories of individuals behaving badly are shocking but come with no evidence of anything like widespread abuse. There will always be examples of a minority of individuals who do something extreme, or outside the norm.⁸¹ Those outlandish tales make for good stories, but they make terrible policy fodder. I have yet to see anyone produce evidence that these concerns have played out in bankruptcy in any significant numbers. To the contrary, from the very beginning of the student loan discharge exception, there have been little more than anecdotes from those pushing for them and significant evidence that these were not at all representative of the facts.⁸²

Instead, we have abundant evidence that the overwhelming majority of individuals file bankruptcy reluctantly and only have all options have failed.⁸³ As detailed in Part II, we also do not have evidence that the private student loan borrowers acted opportunistically in attempting to discharge their private student loans before the law was changed.⁸⁴

Second, these arguments assume that the only moral hazard we need be concerned with is that of individual borrowers. But we cannot ignore the other players in the system: student loan issuers/creditors and servicers. In the current system, these players yield tremendous power and thus lack market incentives to improve their processes vis-à-vis students.⁸⁵ This is especially true of the federal government, which has no statute of limitations on collection, can garnish not only bank accounts but social security, disability, and earned income tax credit income.⁸⁶

⁸¹ Lulu Garcia-Navarro, Alligators, Drugs And Theft, Oh My! New List Shows Top 10 'Florida Man' Stories, NPR (Mar. 3, 2019), <https://www.npr.org/2019/03/03/699832548/alligators-drugs-and-theft-oh-my-new-list-shows-top-10-florida-man-stories>.

⁸² At the same time that the 94th Congress put up the first barrier to dischargeability of student loans, it asked the Government Accountability Office (GAO) to undertake a study of what was actually happening with student loan discharge. The aim was to find abuses, but in fact “The results of the GAO report indicated that less than one percent of all federally insured and guaranteed educational loans were discharged in bankruptcy.” Rafael L Pardo & Michelle R Lacey, *Undue Hardship in the Bankruptcy Courts: An Empirical Assessment of the Discharge of Educational Debt*, 74 UNIVERSITY OF CINCINNATI LAW REVIEW 405, 422-24 (2005) (recounting the history).

⁸³ See, e.g., Pamela Foohey, Robert M. Lawless, Katherine M. Porter and Deborah Thorne, *Life in the Sweatbox*, 94 NOTRE DAME LAW REVIEW 219 (2018); Ronald J. Mann & Katherine Porter, *Saving Up for Bankruptcy*, 98 GEORGETOWN LAW JOURNAL 289, 314–15 (2010).

⁸⁴ Rajeev Darolia & Dubravka Ritter, *Strategic Default Among Private Student Loan Debtors: Evidence from Bankruptcy Reform*, EDUCATION FINANCE AND POLICY 24 (2019), https://www.mitpressjournals.org/doi/abs/10.1162/edfp_a_00285.

⁸⁵ Katherine Porter, *Bankrupt Profits: The Credit Industry's Business Model for Postbankruptcy Lending*, 93 IOWA LAW REVIEW 1369, 1399 (2008)

⁸⁶ Dalié Jiménez, *Ending Perpetual Debts*, 55 HOUSTON LAW REVIEW 609 (2017).

Third, filing bankruptcy is a significant event and not something most people do lightly. It is expensive,⁸⁷ wreaks havoc on a person's credit report which in turn affects the cost and availability of important products like obtaining credit, insurance, living arrangements, and job prospects.⁸⁸ It can even affect a person's dating life.⁸⁹ These disruptions will impair a credit report for 7-10 years. And of course, the Bankruptcy Code limits how often someone can obtain a bankruptcy discharge.⁹⁰ Hypothetical explanations of what might happen if student loans became dischargeable in some fashion typically ignore the real-life consequences of filing bankruptcy.

Finally, the bankruptcy system already has significant tools to curb potential abuses. Since 2005 access to Chapter 7 is limited to those who can pass the means test.⁹¹ Anyone who makes above the median for their household size in their state receives additional scrutiny.⁹² In addition, the Bankruptcy Code provides robust tools aimed precisely at ferreting out the opportunistic debtor.⁹³ It is instructive to note that the overwhelming number of "anecdotal" accounts of opportunistic debtors come from bankruptcy court decisions denying those debtors the bankruptcy discharge.

Arguments about debtor opportunism are convenient rhetorical devices that obfuscate the issues. We should reject hypothetical theories and cherry-picked examples that lump and demonize hardworking people. We've listened to those voices before and they help get us here. Now let's listen to the people.

V. Why Congress Should Take Action Now

The likely consequences of enacting one or more of the proposals I've discussed, or something like the ABI proposal—is a temporary uptick in bankruptcy filings, an increase in social welfare, increased economic activity, and more students going to college.

A temporary uptick in bankruptcy filings is only natural: after all, the main reason we are here is that *people are suffering*.

Private loan borrowers often have trouble negotiating workouts with their creditors. In the last decade, almost half of private loan borrowers are actually co-signers: parents,

⁸⁷ Lois R. Lupica, *The Consumer Bankruptcy Fee Study*, American Bankruptcy Institute Law Review (2012).

⁸⁸ Lea Krivinskas Sheppard, *Toward a Stronger Financial History Anti-Discrimination Norm*, 52 Boston College Law Review (2012).

⁸⁹ Jodi Helmer, *Looking for Mr. FICO: Singles Using Credit Score to Filter Dates*, CreditCards.com (June 26, 2013), <https://www.creditcards.com/credit-card-news/singles-dating-credit-score-1270.php>.

⁹⁰ 11 U.S.C. §§ 727(a)(8),(9).

⁹¹ Charles J. Tabb and Jillian K. McClelland, *Living with the Means Test*, 31 SOUTHERN ILLINOIS L. J. 463 (2006).

⁹² *Id.*

⁹³ *See, e.g.*, 11 U.S.C. §§ 707(b), 1325(a)(7), 727(a).

grandparents, friends of students. Those borrowers would likely very much welcome relief.

There are over 8 million federal student loan borrowers in default.⁹⁴ Many of them do not need to be there, because there is some income-driven repayment or other forgiveness option theoretically available to them under federal law. But laws on the book are not the same as how people experience law and all of the evidence we have is that the Department of Education is failing financially distressed borrowers.

Another (all-but-certain) consequence of enacting one or more of these proposals is an increase in social welfare. It is clear that this issue cuts across parties, age, gender, and even economic status.

Economic activity is also likely to increase. The income freed by a bankruptcy discharge will translate into more spending in the economy. But we are also likely to see indirect effects: as new graduates feel more able to take employment and other risks knowing that—should they need it—there is a safety net available if these risks do not work out. For the same reason we will likely see increased postsecondary enrollment.

We should welcome these outcomes. So long as the Department of Education appropriately manages the schools that receive federal funds,⁹⁵ all we would be doing is increasing entrepreneurship and calculated risk-taking. That is in fact one of the lauded functions of our Bankruptcy Code.⁹⁶

Congress should amend the Bankruptcy Code immediately to allow student loans to be treated like credit cards and medical debt—automatically discharged in bankruptcy—and allow bankruptcy judges to use the statutory tools they already have to prevent bad faith filings.

⁹⁴ It's important to remember that 'default' in federal student loans means that a borrower has failed to make payments over a 270-day period.

⁹⁵ There is certainly room for improvement on that front. *See, e.g.*, FOR-PROFIT COLLEGE KAPLAN TO REFUND FEDERAL FINANCIAL AID UNDER SETTLEMENT WITH UNITED STATES, <https://www.justice.gov/usao-wdtx/pr/profit-college-kaplan-refund-federal-financial-aid-under-settlement-united-states> (last visited May 28, 2019); SCHOOL OWNER PLEADS GUILTY TO \$2 MILLION BRIBERY SCHEME INVOLVING VA PROGRAM FOR DISABLED MILITARY VETERANS, <https://www.justice.gov/opa/pr/school-owner-pleads-guilty-2-million-bribery-scheme-involving-va-program-disabled-military> (last visited May 28, 2019); ATTORNEY GENERAL XAVIER BECERRA SUES FOR-PROFIT ASHFORD UNIVERSITY FOR DEFRAUDING AND DECEIVING STUDENTS STATE OF CALIFORNIA - DEPARTMENT OF JUSTICE - OFFICE OF THE ATTORNEY GENERAL, <https://oag.ca.gov/news/press-releases/attorney-general-xavier-becerra-sues-profit-ashford-university-defrauding-and> (last visited May 28, 2019).

⁹⁶ K. Ayotte, *Bankruptcy and Entrepreneurship: The Value of a Fresh Start*, 23 JOURNAL OF LAW, ECONOMICS, AND ORGANIZATION 161–185 (2006).

Truth in Testimony Disclosure Form

In accordance with Rule XI, clause 2(g)(5)*, of the *Rules of the House of Representatives*, witnesses are asked to disclose the following information. Please complete this form electronically by filling in the provided blanks.

Committee: _____

Subcommittee: _____

Hearing Date: _____

Hearing :

Witness Name: _____

Position/Title: _____

Witness Type: Governmental Non-governmental

Are you representing yourself or an organization? Self Organization

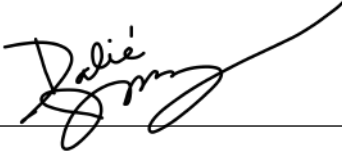
If you are representing an organization, please list what entity or entities you are representing:

If you are a **non-governmental witness**, please list any federal grants or contracts (including subgrants or subcontracts) related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current calendar year and previous two calendar years. Include the source and amount of each grant or contract. *If necessary, attach additional sheet(s) to provide more information.*

If you are a **non-governmental witness**, please list any contracts or payments originating with a foreign government and related to the hearing's subject matter that you or the organization(s) you represent at this hearing received in the current year and previous two calendar years. Include the amount and country of origin of each contract or payment. *If necessary, attach additional sheet(s) to provide more information.*

False Statements Certification

Knowingly providing material false information to this committee/subcommittee, or knowingly concealing material information from this committee/subcommittee, is a crime (18 U.S.C. § 1001). This form will be made part of the hearing record.



Witness signature

Date

Please attach, when applicable, the following documents to this disclosure. Check the box(es) to acknowledge that you have done so.

- Written statement of proposed testimony
- Curriculum vitae or biography

*Rule XI, clause 2(g)(5), of the U.S. House of Representatives provides:

(5)(A) Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof.

(B) In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of any Federal grants or contracts, or contracts or payments originating with a foreign government, received during the current calendar year or either of the two previous calendar years by the witness or by an entity represented by the witness and related to the subject matter of the hearing.

(C) The disclosure referred to in subdivision (B) shall include—

(i) the amount and source of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) related to the subject matter of the hearing; and

(ii) the amount and country of origin of any payment or contract related to the subject matter of the hearing originating with a foreign government.

(D) Such statements, with appropriate redactions to protect the privacy or security of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

Dalié Jiménez

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AREAS OF EXPERTISE

Credit and debt collection markets, credit reporting, student loans, the Consumer Financial Protection Bureau, bankruptcy and debtor-creditor law, commercial law, consumer law, access to civil justice, randomized control trials in law, and empirical analysis of the law.

ACADEMIC APPOINTMENTS

University of California, Irvine School of Law

Professor of Law, 2017-present

- Co-lead, UCI Law Student Loan Law Initiative
- Courses Taught: Contracts, Bankruptcy and Debtor-Creditor Law, The Consumer Financial Protection Bureau

University of Connecticut School of Law, Hartford, CT

Associate Professor of Law and Jeremy Bentham Scholar, 2011-2018

- Courses Taught: Contracts, Bankruptcy and Debtor-Creditor Law, Consumer Law: Debt Collection, Consumer Bankruptcy Seminar, The Consumer Financial Protection Bureau: A Seminar, Modern Consumer Law

EDUCATION

Harvard Law School

J.D., *cum laude*, June 2009

Honors:

- American Bankruptcy Institute Award for Outstanding Bankruptcy Student
- Harvard Academic Fellowship, Summer 2008 & 2009

Activities:

- Senior Editor, *Harvard International Law Journal*
- Teaching Assistant, Contracts with Professor Elizabeth Warren
- Represented clients in bankruptcy and small claims court debt collection proceedings, Predatory Lending / Consumer Protection Clinic

Massachusetts Institute of Technology

B.S. in Electrical Engineering and Computer Science, June 2001

B.S. in Political Science, June 2001

- Thesis: “High Tech Goes to Washington: A Look at High Tech Lobbying Effectiveness in 1998 and 2000” (using a qualitative case study and a statistical model, this paper analyzed the economic factors that influenced the high-tech industry to donate to Congress and the correlation between donations to Congressional members with members’ voting behavior).

PUBLICATIONS AND WORKS IN PROGRESS

- *Thinking Like a Non-Lawyer* (with D. James Greiner & Lois R. Lupica) (in progress).
- *The Civil Rights Case for Student Debt Relief* (with Jonathan Glater) (invited symposium piece for HARVARD CIVIL RIGHTS-CIVIL LIBERTIES LAW REVIEW) (forthcoming 2020).

- *A No-Contest Discharge for Uncollectable Student Loans* (with Matthew Bruckner, Brook Gotberg & Chrystin Ondersma), UNIV. OF COLORADO LAW REVIEW (forthcoming 2019).
- *Ending Perpetual Debts*, 59 HOUSTON LAW REVIEW 609 (2018).
- *Lessons from Bankruptcy Reform in the Private Student Loan Market* (with Alexei Alexandrov), 11 HARVARD LAW & POLICY REVIEW 175 (2017).
- *Self-Help, Reimagined* (with D. James Greiner & Lois R. Lupica), 92 INDIANA LAW JOURNAL 1119 (2017).
- *Engaging Financially Distressed Consumers*, 26 COMMUNITIES & BANKING 23 (Summer 2015) (with D. James Greiner & Lois R. Lupica).
- *Dirty Debts Sold Dirt Cheap*, 52 HARVARD JOURNAL ON LEGISLATION 41 (2015).
- *Reforming Preference Law*, 100 IOWA LAW REVIEW BULLETIN BULLETIN 41 (2015).
- *Private Student Loans and Bankruptcy: Did Four-Year Undergraduates Benefit from the Increased Collectability of Student Loans?* in STUDENT LOANS AND THE DYNAMICS OF DEBT, KEVIN HOLLENBECK AND BRAD HERSHBEIN, EDs. (UPJOHN PRESS 2015) (with Xiaoling Ang).
- *ABI Chapter 11 Survey Results*, 33 AMERICAN BANKRUPTCY INSTITUTE JOURNAL 10 (July 2014).
- *Improving the Lives of Individuals in Financial Distress Using a Randomized Control Trial: A Research and Clinical Approach*, 20 GEORGETOWN JOURNAL ON POVERTY LAW & POLICY 449 (2013) (with D. James Greiner, Lois R. Lupica & Rebecca L. Sandefur).
- *The Distribution of Assets in Consumer Chapter 7 Bankruptcy Cases*, 83 AMERICAN BANKRUPTCY LAW JOURNAL 795 (2009) (peer reviewed).

ORIGINAL EMPIRICAL PROJECTS

- **Financial Distress Research Project (ongoing):** Randomized control trial of individuals who have been sued on at least one credit card collection case to evaluate effectiveness of (1) an offer of a lawyer, (2) an offer of an incentive to undergo financial counseling of the type required in bankruptcy (pre-discharge counseling), and (3) a combination of (1) and (2) on the individual's financial health (e.g., credit scores and credit reports) and other outcomes. Co-Principal Investigator with D. James Greiner (Harvard Law School) and Lois R. Lupica (Maine Law School). Study will involve between approximately 1,200 participants. We have raised over \$1.4 million in direct and indirect costs to fund project.
- **The Problem of Default, Part 2 (ongoing):** This randomized control study will test the effectiveness of low-cost mailings to decrease default rates in debt collection cases. The mailings incorporate learnings from psychology, public health, adult education, and other literatures and attempt to address what psychological barriers to responding to the lawsuit. Co-PI with D. James Greiner (Harvard Law School), Andrea Matthews (Consumer Financial Protection Bureau), and Roseanna Sommers (Yale University).
- **Studying Consumers Who Have Non-Exempt Assets in Bankruptcy (completed):** Examined over 2,500 randomly sampled bankruptcy cases to find the number of consumer Chapter 7 bankruptcy cases that had non-exempt assets. Coded subsample of asset cases for over 40 variables.

AWARDED

Total awards: \$1,461,594 for direct costs and overhead. The following grants were all to support of the Financial Distress Research Project:

- UConn Research in Excellence Program Grant (2017) (\$25,000).
- Laura and John Arnold Foundation (2016) (\$567,896).
- Abdul Latif Jameel Poverty Action Lab (J-PAL) (2016) (\$75,000).
- American Bankruptcy Institute Foundation (2015) (\$249,500).
- Sears Fund (administered by the National Association of Attorneys General) (2015) (\$25,000).
- National Science Foundation Law & Social Sciences Collaborative Grant (2014) (\$430,511 in total project funding).
- National Conference of Bankruptcy Judges Endowment for Education (2014) (\$26,395).
- American Bankruptcy Institute Foundation (2013) (\$14,400).
- Edmond J. Safra Center for Ethics (2013) (\$47,892).

HONORS/DISTINCTIONS

- Fellow of the American Bar Foundation (2019—present).
- American Bankruptcy Institute 40 under 40 Honoree (2018).
- Commission Member, American Bankruptcy Institute Commission on Consumer Bankruptcy (2017—2019).
- Affiliated Faculty, Access to Justice Lab at Harvard Law School (2016—present).
- Affiliated Faculty, Harvard Law School Center on the Legal Profession (2013—present).
- National Conference of Bankruptcy Judges / American Bankruptcy Law Journal Fellow (2013).
- Recipient, Judge John R. Brown Award for Excellence in Legal Writing (2010).

SCHOLARLY PRESENTATIONS (SELECTED)

- “Student Debt is a Civil Rights Issue,” Household Finance Collaborative Research Network, Law & Society Association Annual Meeting (Washington, DC, June 2, 2019).
- “Thinking Like a Non-Lawyer,” University of Indiana Maurer School of Law (Bloomington, IN, April 4, 2019).
- Loyola Consumer Law Symposium on the Consumer Financial Protection Bureau (Chicago, IL, Mar. 22, 2019).
- American Bar Association Business Bankruptcy Committee, Pro Bono Attorneys Taking On Student Loan Dischargeability Issues (San Antonio, TX, Oct. 28, 2018).
- American Bankruptcy Law Journal – American Bar Association Symposium, Giving Colleges a Fresh Start (Las Vegas, NV, Oct. 11, 2017).
- “How the Poor Still Pay More: A Re-Examination of Urban Poverty in the Twenty-First Century,” Fordham Urban Law Journal (New York, NY, April 7, 2017).
- “Protecting Consumers in a New Era,” Rutgers Law School (Newark, NJ, March 31, 2017).
- Association of American Law Schools (AALS) Conf. (San Francisco, CA, Jan. 5-7, 2017).

- “Higher Education, Finance, and Student Debt,” Section on Socio-Economics.
- “New Directions in Access to Justice Research – Measuring Outcomes.”
- Presented at multiple conferences: “Ending Perpetual Debts”
 - University of North Carolina School of Law Faculty Workshop (Chapel Hill, NC, Nov. 10, 2016).
 - Law & Society Annual Meeting (NOLA, May 31, 2016).
 - Discussed at “The Ethics of Bankruptcy” faculty colloquia at Georgetown University (Wash., DC, April 1, 2016).
 - Faculty workshop presentation at the University of Illinois Law School (Urbana-Champaign, IL, Oct. 15, 2015).
- “Buying Claims in Consumer Cases,” National Conference of Bankruptcy Judges 89th Annual Conference (Miami, FL, Sept. 29, 2015).
- Association of Professors of Political Economy and the Law Conference on Higher Education Finance (Buffalo, NY, June 2015).
- “Automatic Bankruptcy,” Law & Society Association Annual Conference, presenter (Seattle, WA, May 2015).
- “Undue Hardship: An Analysis of Student Loan Debt Discharge in Bankruptcy,” Emory Bankruptcy Developments Journal Symposium (Atlanta, GA, Feb. 26, 2015).
- Association of American Law Schools Annual Conference (Wash., DC, Jan. 2-5, 2015).
 - “Emerging Scholars in Commercial and Consumer Law,” Section on Commercial & Related Consumer Law
 - “The Next Generation of Bankruptcy Reform,” Section on Creditors’ & Debtors’ Rights.
 - “Extreme Empirical Methods” panel, Section on Law & Social Sciences.
- “Lay Deployment of Professional Legal Knowledge,” American Bankruptcy Institute / Brooklyn Law School Junior Bankruptcy Scholars Conf. (New York, NY, Nov. 20-21, 2014).
- Law & Society Association Annual Conference, presenter, session chair, and discussant in panels relating to Household Debt & Insolvency and Access to Justice (Minneapolis, MN, May 29-June 1, 2014).
- “Effect of BAPCPA on Community College v. For-Profit College Loans,” Suffolk Student Loans Conference, invited from Call for Papers (Boston, MA, April 11-12, 2014).
- Presented at multiple conferences: “Private Student Loans and BAPCPA: Did Consumers Benefit from Increased Collectability of Student Loans?” (with Xiaoling Ang).
 - Conference on Empirical Legal Studies (Philadelphia, PA, Oct. 25-26, 2013).
 - W.E. Upjohn Institute, Spencer Foundation, and Ford School Conference on Student Loans (Ann Arbor, MI, Oct. 24-25, 2013).
 - Midwest Law & Economics Conference (Champaign, IL, Oct. 10-11, 2013).
- Presented at multiple conferences: “Dirty Debts Sold Dirt Cheap” (formerly titled “Evidence of Illegality in Consumer Debt Purchasing Contracts”)
 - Law & Society Annual Conference (Boston, MA, May 30, 2013).
 - UConn Law Junior Scholars Conference (Hartford, CT, June 14, 2013).
- “Success of Finance Companies in Bankruptcy,” LoPucki UCLA Bankruptcy Success Modeling Conference, invited presentation of empirical research-in-progress on commercial bankruptcy success (Los Angeles, CA, Feb. 15, 2013).
- “The Resurgence of Consumer Financial Protection,” commentator on presentation by

Professor Patricia A. McCoy, Society of Socio-Economists Annual Conference: 25 Years of Banking Regulation – Socio-Economics Perspectives (New Orleans, LA, Jan. 4, 2013).

- “Learning to Use the Randomized Control Trial Method, by Example: An RCT Testing What Works for Individuals in Financial Distress and an Investigation into the Debt Collection System,” Association of American Law Schools (AALS) Joint Session panel on the Debt Crisis, Poverty Law & Clinical Legal Education sections, invited presenter selected from the Call for Papers (New Orleans, LA, Jan. 5, 2013).
- “Improving the Lives of Individuals in Financial Distress: A Randomized Control Trial To Determine What Works, And an Investigation into the Debt Collection Industry.”
 - Federal Trade Commission Division of Financial Practices (Wash., DC, Oct. 4, 2012).
 - Consumer Financial Protection Bureau (Wash., DC, Oct. 4, 2012).
 - Access to Civil Justice Conference, poster presentation (Chicago, IL, Dec. 7, 2012).

SERVICE TO INSTITUTION (SELECTED)

- UCI: Faculty Advisory Council (2019-20) (elected); Promotion & Tenure Committee (2019-20) (elected); Ad Hoc Teaching Evaluations Committee (Chair, 2019-20); Appointments Committee (2018-19); Student Loan Law Initiative Co-Lead (2018—present).
- UConn: Admissions Committee (2017-18); Ad Hoc Committee on Faculty Recognition (2015-17); Educational Policy and Petitions Committee (2016-18); Public Interest Law Symposium Advisor (2014-15); Clerkships Committee (2013-14); Pro Bono Committee (2012-13).

SERVICE TO ACADEMY / PUBLIC (SELECTED)

- Commission Member, ABI Commission on Consumer Bankruptcy (2017—2019).
- Blogger, Credit Slips, www.creditslips.org (Jan. 2014—present).
- Co-Chair, Law & Society Association’s section on Household Finance (2014—present).
- Chair (2018-19), Vice-Chair (2017-18), Member of Executive Committee (2013-17), Section on Commercial and Related Consumer Law, American Association of Law Schools.
- Secretary/Treasurer, Section on Law & Social Sciences, American Association of Law Schools (2013-16).
- Workshop on Federal Court Data funded by the National Science Foundation, closed session, invited participant (Philadelphia, IL, Oct. 8-9, 2015).
- Access to Civil Justice: Re-Envisioning and Reinvigorating Research Workshop funded by National Science Foundation Law & Social Sciences Program, closed session, invited participant (Chicago, IL, Dec. 7-8, 2012).

SERVICE TO GOVERNMENT (SELECTED)

- Comment Letter to Department of Education regarding the treatment of student loans in bankruptcy (May 22, 2018) (co-lead author).
- Member, Steering Committee to Respond to Consumer Financial Protection Bureau Requests for Information (2018).
- Amicus Brief of Scholars Consumer Finance Regulation in support of Plaintiff, *English v. Trump*, United States Court of Appeals for the District of Columbia, (2018) (co-author; represented by Law Offices of Courtney Weiner).
- Selected to participate in invitation-only “Convening on Student Loan Data Conference” at the Federal Reserve Bank of New York (New York, Mar. 4, 2015).
- Invited to private roundtable discussion on student loans with Deputy Secretary of the Treasury Sarah Raskin (Wash., DC, June 3, 2014).
- Comment Letter to Consumer Financial Protection Bureau’s Advanced Notice of Proposed Rulemaking in Debt Collection (with Patricia McCoy) (Feb. 28, 2014).
- Consumer Financial Protection Bureau Hearing on Debt Collection, invited panelist (Portland, ME, July 10, 2013).
- Consumer Financial Protection Bureau / Federal Trade Commission “Life of a Debt” closed session, invited participant (Wash., DC, June 7, 2013).

SERVICE TO LEGAL PROFESSION AND PROFESSIONAL COMMUNITIES (SELECTED)

- Education Committee Member, National Conference of Bankruptcy Judges (2017-18).
- Advisor, UpSolve (non-profit startup that helps low-income individuals file bankruptcy for free) (2016—present), www.upsolve.org
- Invited panelist at:
 - “Student Debt Crisis: Issues and Solutions,” Boston College symposium (Boston, MA, Mar. 17, 2016).
 - “Eliminating Debt and Combating Poverty” at American Bar Association’s Midyear Meeting (Houston, TX, Feb. 6, 2015).
 - “Consumer Debt Buying and UDAAP: Point/Counter-point” at Debt Buyer’s Association Annual Meeting (Las Vegas, NV, Feb. 4, 2015).
 - “Assisting Consumers in Debt Collection Cases,” American Bar Association / National Legal Aid & Defender Equal Justice Conference (Portland, OR, May 1-3, 2014).
 - “Debt Buying: The Players, The Profits, and The Predators,” Louisiana State Bar Association, Consumer-Mortgage Law: The Players, Procedures, Practices, and Pitfalls seminar (New Orleans, LA, Nov. 15, 2013).
 - “The Evolving Debt Collection State and Federal Legal and Regulatory Landscape: Emerging Change,” Financial Services Collections & Credit Risk Conference (Chicago, IL, Oct. 21-23, 2013).

INTERVIEW AND MEDIA APPEARANCES (SELECTED)

- MARKETWATCH, *Consumer watchdog tweets 'negligent or worse' advice to student-loan borrowers, advocates say* (May 30, 2019).
- MARKETWATCH, *Bankrupt student loan borrowers could finally get a break* (Apr. 15, 2019).
- MARKETWATCH, *SoFi settles with FTC over claims it inflated the average amounts borrowers would save by refinancing* (OCT. 30, 2019).
- STAMFORD ADVOCATE, *Synchrony closes on 10-figure deal with PayPal* (Jul. 3, 2018).
- MARKETWATCH, *Trump administration confirms it wants to shield student-loan companies from state laws* (Mar. 9, 2018). STAMFORD ADVOCATE, *Synchrony Faces 'New Normal' of Larger Losses* (Jun. 6, 2017).
- MARKETWATCH, *Can this Blob Help People Fight Debt Collectors?* (May 21, 2017).
- LAW360, *Justices Stem the Tide of Suits Against Stale Debt Collectors* (May 16, 2017).
- INSIDEARM, *Project Launches to Test New Kind of Self-Help for Consumers Who Are Sued for Debt Collection* (May 15, 2017).
- STAMFORD ADVOCATE, *New Study Set to Assess Debt in Connecticut* (May 11, 2017).
- UCONN TODAY, *Project Designed to Help Debtors Fight Lawsuits in Court* (May 3, 2017).
- MARKETWATCH, *This Class Action Lawsuit May Offer Hope for Student Loan Borrowers in Bankruptcy* (Apr. 8, 2017).
- BLOOMBERG LAW RADIO SHOW, *CFPB Structure and the Ninth Circuit En Banc Decision* (Feb. 17, 2017).
- LAW360, *Justices to Resolve Clash Over Stale Debt in Bankruptcy* (Oct. 13, 2016).
- BLOOMBERG LAW RADIO SHOW, *CFPB Structure Unconstitutional* (Oct. 12, 2016).
- WALL STREET JOURNAL, *Supreme Court Agrees to Hear Debt Collection Case* (Oct. 12, 2016).
- NPR MARKETPLACE TECH, *Facebook's Decision to Harvest Data from Whatsapp Users* (Sept. 28, 2016).
- NBC CONNECTICUT NEWS, *Bankruptcy for Hartford Considered Final Option* (Aug. 29, 2016).
- NPR MARKETPLACE TECH, *Comcast Lawsuit* (Aug. 9, 2016).
- BLOOMBERG LAW RADIO SHOW, *Spokeo Supreme Court Case* (Nov. 5, 2015).
- BLOOMBERG BNA, *Debt-Buyers Face Many Land Mines, Panelists Say* (Sep. 30, 2015).
- WALL STREET JOURNAL, *Federal Lawmakers Propose Credit Reporting Changes* (Jul. 27, 2015).
- BLOOMBERG BNA BANKING DAILY BULLETIN, *Citibank to Pay \$770 Million on Card Claims As \$35M CFPB Penalty Called Largest So Far* (June 2015).
- NBC CONNECTICUT TROUBLESHOOTERS, *Old Debt Can Take a Chunk Out of Your Paycheck* (May 14, 2015).
- WALL STREET JOURNAL, *Major Banks to Delete Records for Some Borrowers Who Filed For Bankruptcy* (May 13, 2015).
- INSIDEARM, *Consumer Advocate Wants to End Debt Sales with Warranty Disclaimers* (March 6, 2015).
- FORBES, *The Cheapest Airfares You've Never Heard Of (And Why They May Disappear)* (Nov. 26, 2014).
- BLOOMBERG LAW RADIO SHOW, *Skiplagged Lawsuit* (Nov. 11, 2014).
- FORBES, *CFPB's Loan Report Attacks Lenders Rather Than Empowering Students* (Oct. 21, 2014).
- THE MOTLEY FOOL, *We All Lose Under Current Student Loan Bankruptcy Rules* (Sep. 28, 2014).

- BLOOMBERG LAW RADIO SHOW, *CFPB Focused on Debt Collection Law Firms* (Aug. 14, 2014).
- BLOOMBERG NEWS, *Firm Suing 270 Debtors Daily Accused of High Speed Errors* (Aug. 8, 2014).
- DAILY HAMPSHIRE GAZETTE, *Debtor's Jail? South Hadley Man Describes Day He Was Jailed in Dispute Over \$508* (Jul. 18, 2014).
- BOSTON GLOBE, *Law, Empathy at Issue in Jailing of Debtor* (Jul. 2, 2014).
- AMERICAN BANKER, *Complaint Data Key to CFPB Scrutiny of Debt Collectors* (Jul. 10, 2013).

FELLOWSHIPS & EMPLOYMENT

Consumer Financial Protection Bureau, Washington, DC

Policy Fellow, Deposits, Cash, Collections & Reporting Markets Office (Research, Markets & Regulations division), May 2011 – April 2012

- Co-authored two reports to Congress and the President regarding (1) the way remittances can be used in credit scoring, and (2) the difference in credit scores obtained by consumers and those obtained by lenders when making credit decisions.
- Advised Bureau staff on debt collection and credit reporting issues including internal presentations to supervision, enforcement, regulations, and other divisions.
- Authored or co-authored internal market and legal reports on credit reporting, debt collection, and credit counseling / debt settlement markets. Presented reports to offices internally (e.g., enforcement and regulation) and also Bureau-wide.
- Expertise in credit reporting and scoring, debt buying and debt collection, debt relief, credit entry markets, student loans, unbanked populations, and fringe financial markets.

Ropes & Gray, L.L.P., Boston, MA

Associate, Litigation Department, Nov. 2010 – May 2011

Honorable Judge Juan R. Torruella, U.S. Court of Appeals for the First Circuit, San Juan, PR

Law Clerk, Aug. 2009 – Aug. 2010

Ropes & Gray, L.L.P., Boston, MA

Summer Associate, Summer 2008 & 2009

Robins, Kaplan, Miller & Ciresi, L.L.P., Boston, MA

Summer Associate, Summer 2007; *Clerk*, Sept. 2007 – Jan. 2008

Office of State Senator Jarrett T. Barrios, Boston, MA

Director of Special Projects and Budget Director, July 2004 – Aug. 2006

- Representative bills drafted included bills requiring credit reporting agencies to allow MA consumers to freeze their credit reports; data collectors to notify consumers of a data breach; and check cashers, payday lenders, and money transfer operators to plainly disclose all fees.

BAR ADMISSIONS

Admitted to the bars of Massachusetts (active) and the U.S. Court of Appeals for the First Circuit.



Let's Go.

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or: Facebook.com/groups/SLJgroup

**** Bible Verses: What the 3 major world religions say VS Collegiate Debt ****

(notes in case I want to write another letter to the editor, guest column, OdEd, Editorial, etc.)

Compiled with commentary by Gordon Wayne Watts (GordonWatts.com / gordonWAYNEwatts.com)
Friday, 15 February 2019 – **and UPDATED, today, Sunday, 23 June 2019**

The Christian Holy Bible, in Rev. 6:6, shows beyond a “shadow of doubt” that the U.S. Dollar **WILL** crash regardless of what we do: A day's portion of food costing a day's wages is hyperinflation, and, regardless of the cause—be it war, oppressive government, famine, drought, contaminated food, etc.—this shows the Dollar will crash. But I hope to slow it down. Indeed, just because it's going to happen, that doesn't mean that God wants us to get lazy and stop doing good: He expects us to fight evil, and, if we don't, then we will have “bad karma” – in other words, we will “sow what we reap,” according to the Bible. (**Job 4:8-9**, Proverbs 11:18-25, Proverbs 21:13, Proverbs 22:8, Hosea 10:12, **Luke 6:38**, **2 Corinthians 9:6**, **Galatians 6:7-9**, James 3:17-18)

"And I heard a voice in the midst of the four beasts say, A measure of wheat for a penny, and three measures of barley for a penny; and see thou hurt not the oil and the wine." (Holy Bible, Rev 6:6 KJV)
"...[The price: It will be a] quart of wheat [a day's worth of human food] for a denarius [a whole day's wages], and three quarts of barley [daily measure of food used for livestock also sold] for a denarius..." (Holy Bible, Rev 6:6 AMP) Cf II Kings 6:25, another similar occasion. (Some comments in bracket not in original but added for clarity; see Holy Bible, AMP version, footnotes.)

Note: College Tuition is a type of “tax,” because it's monies\$\$ going to an “arm of the government” (state government colleges, in this case), and, as collegiate tuition is WAAAY to high, it's safe to say that students are being “over-taxed” big time. Is this “ok” by God? Let's see...

Times people were over-taxed—led to civil unrest in both cases, and thus TO BE AVOIDED.

1 Samuel 22:1-2 (King David—before he was King—got support from many over-taxed citizen)

1 Kings 11:42-43 ; 1 Kings 12:1-20 (Solomon's EVIL, STUPID son, Rehoboam committed this sin!)

2 Chronicles 9:30-31 ; 2 Chronicles 10:1-19 (Reprise: Solomon's EVIL, STUPID son, Rehoboam)

Student Loan debt can not be discharged in bankruptcy except in very rare circumstances, and can almost never be forgiven. This conflicts with a wide body of Holy Scriptures of various religions—and indeed: This is not the first time in history blanket forgiveness of debts has been considered: “1At the end of every seven years you shall grant a release of debts. 2And this is the form of the release: Every creditor who has lent anything to his neighbor shall release it; he shall not require it of his neighbor or his brother, because it is called the LORD's release...9Beware lest there be a wicked thought in your heart, saying, ‘The seventh year, the year of release, is at hand,’ and your eye be evil against your poor brother and you give him nothing, and he cry out to the LORD against you, and it become sin among you. 10You shall surely give to him, and your heart should not be grieved when you give to him, because for this thing the LORD your God will bless you in all your works and in all to which you put your hand. 11For the poor will never cease from the land; therefore I command you, saying, ‘You shall open your hand wide to your brother, to your poor and your needy, in your land.’” (HOLY BIBLE, Deuteronomy 15:1-11, NKJV)

[**Note:** Lev. 25:13 (“In this Year of Jubilee, each of you shall return to his possession”) shows that this is a forgiveness of a lease, not of a purchase, and that the land returns to the original family, but the principal remains the same: See *infra*.] Those 'moral conservatives' who would suggest this is not fair for those students who have already repaid their debts should note that in the Deuteronomy passage above, no allowance is made for special treatment for those debtors who had repaid their debts -they just had to

'tough it out' and be glad their neighbors' debts were forgiven. This is the kind of 'tough love' that is needed to address the higher education and bankruptcy crisis hitting our nation, not unlike the 'hard-line' advice given in both Old and New Testaments regarding how to address housing and homeless issues. Isaiah 58:6-7 (Old Testament) demands that you take in the homeless wandering stranger -and no less than Jesus, Himself, in the New Testament (Matthew 25:31-46) repeats this same demand -echoing all sustentative requirements laid down by the prophet Isaiah: Jesus makes no bones about the consequences for not feeding the hungry, clothing the naked, or taking in the homeless: With Divine authority conferred upon Him, Jesus does no less than send the malefactors directly to Hell. -- Jesus also said: "**And whenever you stand praying, if you have anything against anyone, forgive him and let it drop (leave it, let it go), in order that your Father Who is in heaven may also forgive you your [own] failings and shortcomings and let them drop.**" (Mark 11:25, Holy Bible, AMP) – LASTLY, Jesus also said: "**...forgive, and ye shall be forgiven.**" (Luke 6:37b, Holy Bible, KJV)

NOTE: Loan forgiveness is NOT inflationary, as it does not require printing of new dollars. Raising minimum wage *WOULD BE* inflationary, and thus loan forgiveness is better than raising the minimum wage as an economic stimulus.

While some Christians may not be aware that the Old Testament is still generally legally-binding (except for the blood sacrifice of Jesus' own death), it indeed is: This Old Testament Law is still binding since Jesus clearly said, in MATTHEW 5:17 the following: "**Think not that I am come to destroy the law, or the prophets: I am not come to destroy, but to fulfil.**" (Holy Bible, KJV, Words of Jesus in red) The only thing no longer done is animal sacrifice for a sin offering: Jesus fulfilled that in its entirety, but nothing else. As an example to prove this to be correct, note that even long after Jesus' death and resurrection, his followers were still keeping the Old Testament Sabbath: Acts, chapters 13 and 15-18, and in particular: "And Paul, as his manner was, went in unto them, and three sabbath days reasoned with them out of the scriptures,"(ACTS 17:2, Holy Bible, KJV). So the Deuteronomy passage is still legally binding upon all observant and practicing Christians.

The "Golden Rule" is accepted by observant Jews, Christians, and Muslims:

Accepted by all observant Jews and Christians as Canon Scripture:

** "...thou shalt love thy neighbour as thyself: I am the LORD." LEVITICUS 19:18b, Holy Bible, KJV
(See also: Leviticus 19:34 – **Note: The Christian Old Testament comprises parts of the Jewish Torah**)

Accepted by all observant Christians as Canon Scripture:

** "...Thou shalt love thy neighbour as thyself," MATTHEW 22:39b, MARK 12:31b, Holy Bible, KJV
** "Do to others as you would have them do to you," LUKE 6:31, Holy Bible, NIV
** "Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets," MATTHEW 7:12, Holy Bible, KJV

Accepted by all observant CATHOLIC Christians as Canon Scripture:

** "Do that to no man which thou hatest:..." TOBIT 4:15a, Holy Bible, KJV
** "Judge of the disposition of thy neighbour by thyself." SIRACH 31:18, Douay-Rheims 1899 American Edition
** "Be considerate of the other people at the table and treat them the way you want to be treated." SIRACH 31:15, Good News Translation

Accepted by all observant MUSLIMS, practicing ISLAM, Canon Scripture:

** "And let not those among you who are blessed with graces and wealth swear not to give (any sort of help) to their kinsmen, Al-Masakin (the poor), and those who left their homes for Allah's Cause. Let them pardon and forgive. Do you not love that Allah should forgive you? And Allah is Oft-Forgiving, Most

Merciful.” Surah An-Nur (The Light), chapter 24, verse 22, Holy Qur'an, Dar-us-Salam Publications translation [Emphasis added by underline for clarity; not in original], brief Fair Use quote

** “Let not those among you who are endued with grace and amplitude of means resolve by oath against helping their kinsmen, those in want, and those who have left their homes in Allah's cause: let them forgive and overlook, do you not wish that Allah should forgive you? For Allah is Oft-Forgiving, Most Merciful.” SURAH 24:22, Holy Qur'an, Abdullah Yusuf Ali translation [Emphasis added by underline for clarity; not in original], brief Fair Use quote

Accepted by all observant Christians as Canon Scripture: The Holy Bible

“46 And He said, “Woe to you also, lawyers! For you load men with burdens hard to bear, and you yourselves do not touch the burdens with one of your fingers.” “3 Therefore whatever they tell you to observe, *that* observe and do, but do not do according to their works; for they say, and do not do. 4 For they bind heavy burdens, hard to bear, and lay *them* on men’s shoulders; but they *themselves* will not move them with one of their fingers.” [Luke 11:46; Matthew 23:3-4, NKJV, Words of Jesus in red] **Commentary:** 'Lawyers' & others, such as Federal Lawmakers, who “load men with burdens” (by passing laws stripping students' ability to obtain bankruptcy for most college loans -and stripping 'Truth In Lending' requirements to give borrowers fair 'Due Process' notice of this) certainly violate the Golden Rule. Lawmakers are hypocrites: They wouldn't accept this 'too hard to bear' 'burden' on their shoulders!

Since Matthew 5:17, quoted *supra*, shows that Jesus still considers the Old Testament to be in force, therefore the following are still current standards of conduct:

Exodus 22:25, (AMP, e.g., “Amplified Bible” version, here & below) If you lend money to any of My people with you who is poor, you shall not be to him as a creditor, neither shall you require interest from him.

* **Leviticus 25:36:** Charge him no interest or [portion of] increase, but fear your God, so your brother may [continue to] live along with you.

* **Leviticus 25:37:** You shall not give him your money at interest nor lend him food at a profit.

* **Deuteronomy 23:19:** You shall not lend on interest to your brother--interest on money, on victuals, on anything that is lent for interest.

* **Deuteronomy 23:20:** You may lend on interest to a foreigner, but to your brother you shall not lend on interest, that the Lord your God may bless you in all that you undertake in the land to which you go to possess it.

* **Nehemiah 5:7; 5:10; 10:32b:** 7 I thought it over and then rebuked the nobles and officials. I told them, You are exacting interest from your own kinsmen. And I held a great assembly against them. 10 I, my brethren, and my servants are lending them money and grain. Let us stop this forbidden interest! 32b ...we shall not buy it on the Sabbath or on a holy day; and we shall forego raising crops the seventh year [letting the land lie fallow] and the compulsory payment of every debt.

* **Psalms 15:5:** [He who] does not put out his money for interest [to one of his own people] and who will not take a bribe against the innocent. He who does these things shall never be moved.

* **Proverbs 28:8:** He who by charging excessive interest and who by unjust efforts to get gain increases his material possession gathers it for him [to spend] who is kind and generous to the poor.

* **Ezekiel 18:8:** Who does not charge interest or percentage of increase on what he lends [in compassion], who withholds his hand from iniquity, who executes true justice between man and man,

* **Ezekiel 18:13:** And has charged interest or percentage of increase on what he has loaned [in supposed compassion]; shall he then live? He shall not live! He has done all these abominations; he shall surely die; his blood shall be upon him.

* **Ezekiel 18:17:** Who has withdrawn his hand from [oppressing] the poor, who has not received interest or increase [from the needy] but has executed My ordinances and has walked in My statutes; he shall not die for the iniquity of his father; he shall surely live.

* **Ezekiel 22:12:** In you they have accepted bribes to shed blood; you have taken [forbidden] interest and

[percentage of] increase, and you have greedily gained from your neighbors by oppression and extortion and have forgotten Me, says the Lord God.

Accepted by all observant MUSLIMS, practicing ISLAM, Canon Scripture:

* “Those who consume interest cannot stand [on the Day of Resurrection] except as one stands who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. So whoever has received an admonition from his Lord and desists may have what is past, and his affair rests with Allah . But whoever returns to [dealing in interest or usury] - those are the companions of the Fire; they will abide eternally therein.” **Al-Baqarah (The Cow), Surah 2:275, THE NOBLE QUR'AN (Sahih International translation), □ QURAN.COM. ALL RIGHTS RESERVED 2016, FAIR USE quote: <http://quran.com/2>**

* “130. O ye who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful.” **(The Family of Imran) Qur'aan (Holy Koran) Surah 3:130 (Pickthall Translation, FAIR USE quote)**

* “161. That they took usury, though they were forbidden; and that they devoured men's substance wrongfully;- we have prepared for those among them who reject faith a grievous punishment.” **(The Women) Surah 4:161, Holy Koran, Surah 4:161 (M.H. Shakir Translation, FAIR USE quote)**

* “39. The usury you practice, seeking thereby to multiply people's wealth, will not multiply with God. But what you give in charity, desiring God's approval-these are the multipliers.” **Surah al-Rum (The Romans) Quran in English 30:39 (Translated by Talal Itani) <http://www.clearquran.com/030.html>** (You are free to share and distribute this translation. ClearQuran is provided under the Creative Commons License. Attribution, NonCommercial, NoDerivs. Available in two editions: Edition (A) uses the word 'Allah' to refer to the Creator. Edition (B) uses the word 'God'.)

* “[Interest] is pure Riba [Usury] and Allah has forbidden Riba and dealing with it is known among all Muslims...[and]...that taking Riba [Usury, even] for the purpose of giving it as alms, a present or any other good deed does not make it their lawful.” Source: “Fatwa No : 81349,” Bank account, Fatwa Date : 2001-09-11 19:53:53 / 2001-09-11 19:53:53 <http://www.islamweb.net/emerath/index.php?page=showfatwa&FatwaId=81349> **(FAIR USE quote)**

Contra: "The Quran forbids usury, not interest. Quite a few states in USA have laws against usury. Usury is defined as excessive interest. A Dictionary defines usury as "an excessive or inordinate premium for the use of money borrowed", "extortionate interest", or "the practice of taking exorbitant or excessive interest." The Arabic language also makes distinction between interest (Fa'eda) and usury (Reba). The Quran forbids Reba or usury.” Source: “Usury & Interest Rate in Quran” **(FAIR USE quote) http://submission.org/usury_Interest_Rate.html**

Cf: “The Differences between Riba, Usury and Interest,” By Shah Nawaz Khan <http://www.paklink.biz/articles/interest-riba.html>

Cf: “Difference Between Usury & Interest?” <http://www.islamicboard.com/business-islamicfinance/134264602-difference-usury.html>

However, in violation of these religious beliefs (Jewish, Christian, & Muslim), 'Usury' (interest, in many cases, very excessive/oppressive interest) is still charged on loans, Student Loans included.

STANDARD OF LAW: The 'Free Exercise' statement of law, supra, regarding the First Amendment is incorporated here as if fully set forth verbatim.

ARGUMENT: This is in clear violation of these standards (still current, and not out-dated), and any follower of either Judaism or Christianity, is in violation to charge interest on any loan. Interest can not, therefore, legally (according to Holy Bible Law) be charged, and the most that might be legitimately argued is a “rate of inflation” increase – no more, and not even a late fee, although that is debatable, since

on-time payment is obligated by both Old and New Testaments:

“27 Do not withhold good from those to whom it is due, when it is in your power to act. 28 Do not say to your neighbor, “Come back tomorrow and I’ll give it to you”— when you already have it with you.” **(Proverbs 3:27-28, Holy Bible, NIV)**

“Let no debt remain outstanding, except the continuing debt to love one another, for whoever loves others has fulfilled the law.” **(Romans 13:8, Holy Bible, NIV)**

Even the Scriptures that are in the Catholic Canon of the Holy Bible have application here: “Fight to the death for truth, and the Lord God will fight for you.” **Sirach 4:28, Holy Bible, NRSV, 1989**

Obiter Dictum: If there is, indeed a 'God,' then, in order to avoid Divine Wrath in an eternal hereafter, it might also be a good idea to be compliant regarding all these petitions/grievances, for that reason alone: “4 Hear this, you who trample the needy and do away with the poor of the land, 5...skimping on the measure, boosting the price and cheating with dishonest scales, 6 buying the poor with silver and the needy for a pair of sandals...7 The LORD has sworn by himself, the Pride of Jacob: “I will never forget anything they have done.” **(Amos 8:4-7, Holy Bible, NIV; Cf.: Lev. 19:35-36; Deut. 25:13-16; Job 31:6; Prov. 11:1, 16:11, 20:10, 20:23; Ez. 45:10; Amos 8:1-7; Micah 6:11)**

CONCLUSION: Interest charges (other than service fees and rate-of-inflation increases, as well as any and all abuse) must cease and desist, and restitution made, in order to be compliant with the Free Exercise Clause of the 1st Amendment. It is not unreasonable for Lawmakers to grant a prohibition on Usury here.

Church Leaders: We must not fail to keep our word, lest God curse us:

9:18 The sons of Israel did not strike them because the leaders of the congregation had sworn to them by the Lord the God of Israel. And the whole congregation grumbled against the leaders. 9:19 But all the leaders said to the whole congregation, “We have sworn to them by the Lord, the God of Israel, and now we cannot touch them. – **Joshua 9:18-19, Holy Bible, NASB**

CHRISTIANS: We must not fail to obey the authorities over us:

13:1 Let every soul be subject to the governing authorities. For there is no authority except from God, and the authorities that exist are appointed by God. 13:2 Therefore whoever resists the authority resists the ordinance of God, and those who resist will bring judgment on themselves. 13:3 For rulers are not a terror to good works, but to evil. Do you want to be unafraid of the authority? Do what is good, and you will have praise from the same. – **Romans 13:1-3, Holy Bible, NKJV** [[**The “governing authorities” here INCLUDES the U.S. Constitution's “uniformity clause,” Art. I, Sec. 8, Cl. 4 of the U.S. Constitution, which requires that ANY “bankruptcy” law be UNIFORM, but it is not: You ask ANY college student: Section 523(a)(8) of U.S. Code (the offensive law in question), is NOT “uniform,” DOES violate the U.S. Constitution, and therefore DOES violate God's standards in Romans 13:1-3**]]

However, in failing to obey U.S. Constitutional guidelines (for example: violations of Art. 1, §§8—10, U.S. Const., The Legislative Branch), on page 55, in section XVI, *supra*, both the Federal Lawmakers and those of you who voted for them (but did not hold them accountable) bore false witness, in regard to keeping our/their word and were truce breakers and covenant breakers (not keeping their/our word to follow the Constitution – the covenant and contract with America) – and, as directly prohibited by the following:

- “Thou shalt not bear false witness against thy neighbour.” [Exodus 20:16 (KJV, Holy Bible)]
- “Neither shalt thou bear false witness against thy neighbour.” [Deuteronomy 5:20 (KJV, Holy Bible)]
- “Without understanding, covenantbreakers, without natural affection, implacable, unmerciful.” [Romans 1:31 (KJV, Holy Bible)]
- “Without natural affection, trucebreakers, false accusers, incontinent, fierce, despisers of those that are good,” [2 Timothy 3:3 (KJV, Holy Bible)]
- I (author of the instant memorandum, at bar, here) plan to keep my word (to pay back my college loan –

if able), but the excessive terms (lack of Bankruptcy protections, etc.) were NOT a part of my original Loan Contract, and thus, I am NOT obligated to pay back any fees/interest above and beyond that which were attached to the original Loan Contract. So, I, for my part, in case you're curious, am not intentionally attempting to be a 'Truce Breaker' who fails to keep his word, like the Federal Lawmakers who wrote law that directly violated numerous provisions of the U.S. Constitution.

· And: for other scary stuff that Jesus promises to do to you if you do not heed these words...

The Parable of the Unmerciful Servant [Matthew 18:21-35 (NIV, Holy Bible), words of Jesus in red]

21 Then Peter came to Jesus and asked, “Lord, how many times shall I forgive my brother or sister who sins against me?(A) Up to seven times?”(B)

22 Jesus answered, “I tell you, not seven times, but seventy-seven times.[a](C)

23 “Therefore, the kingdom of heaven is like(D) a king who wanted to settle accounts(E) with his servants. **24** As he began the settlement, a man who owed him ten thousand bags of gold[b] was brought to him. **25** Since he was not able to pay,(F) the master ordered that he and his wife and his children and all that he had be sold(G) to repay the debt.

26 “At this the servant fell on his knees before him.(H) ‘Be patient with me,’ he begged, ‘and I will pay back everything.’ **27** The servant’s master took pity on him, canceled the debt and let him go.

28 “But when that servant went out, he found one of his fellow servants who owed him a hundred silver coins.[c] He grabbed him and began to choke him. ‘Pay back what you owe me!’ he demanded.

29 “His fellow servant fell to his knees and begged him, ‘Be patient with me, and I will pay it back.’

30 “But he refused. Instead, he went off and had the man thrown into prison until he could pay the debt.

31 When the other servants saw what had happened, they were outraged and went and told their master everything that had happened.

32 “Then the master called the servant in. ‘You wicked servant,’ he said, ‘I canceled all that debt of yours because you begged me to. **33** Shouldn’t you have had mercy on your fellow servant just as I had on you?’

34 In anger his master handed him over to the jailers to be tortured, until he should pay back all he owed.

35 “This is how my heavenly Father will treat each of you unless you forgive your brother or sister from your heart.”(I)

Footnotes:

[a] Matthew 18:22 Or: *seventy times seven*

[b] Matthew 18:24 Greek: *ten thousand talents*; a talent was worth about 20 years of a day laborer’s wages.

[c] Matthew 18:28 Greek: *a hundred denarii*; a denarius was the usual daily wage of a day laborer (see 20:2).

Cross references:

(A) Matthew 18:21 : S Mt 6:14

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(B) Matthew 18:21 : Lk 17:4

(C) Matthew 18:22 : Ge 4:24

(D) Matthew 18:23 : S Mt 13:24

(E) Matthew 18:23 : Mt 25:19

(F) Matthew 18:25 : Lk 7:42

(G) Matthew 18:25 : Lev 25:39; 2Ki 4:1; Ne 5:5, 8

(H) Matthew 18:26 : S Mt 8:2

(I) Matthew 18:35 : S Mt 6:14; S Jas 2:13

New International Version (NIV)

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Jesus' parable in Matthew 18:21-35, quoted in its entirety above, is comparable to the student loan crisis, since, of course, looking at footnote [b], we see that the amount that this chap was in debt (10,000 talents, each talent being about 20 years' worth of a day laborer's wages) was impossible to pay off. (Let's do the math: "about 20-years-wages"/talent times 10,000 talents = about 200,000-years' worth of wages, impossible to pay off just working, not unlike how the late fees and interest, both capitalised and added to the original loan principal, make it quite impossible for student loans to be paid off if the recipient doesn't get a lush and high-paying job.)

What do you think of the 'tough love' that Jesus will use on those who don't forgive others their debts (Matthew 18:21-35, quoted above)? If you thought this was harsh, please see how Jesus, Himself, sends people directly to hell – for, say, not feeding the hungry, clothing the naked, or taking in the homeless:

Jesus says, in Matthew, chapter 25 of the Holy Bible:

Words of Jesus in red, AMP comments in [brackets]; selected editorial comments in {{double parenth}}

35 ...{{To those on the right}} **I was a {{homeless, wandering}} stranger and you [b]brought Me together with yourselves and welcomed and entertained and [c]lodged Me,**

43 [To those on the left] **I was a {{homeless, wandering}} stranger and you did not welcome Me and entertain Me, I was naked and you did not clothe Me, I was sick and in prison and you did not visit Me [f]with help and ministering care.**

44 Then they also [in their turn] will answer, Lord, when did we see You hungry or thirsty or a stranger or naked or sick or in prison, and did not minister to You?

45 And He will reply to them, Solemnly I declare to you, in so far as you failed to do it for the least [[g]in the estimation of men] of these, you failed to do it for Me.(D)

46 Then they will go away into eternal punishment, but those who are just and upright and in right standing with God into eternal life.(E)

Footnotes:

[b] Matthew 25:35 Literal meaning.

[c] Matthew 25:35 William Tyndale, The Tyndale Bible.

[f] Matthew 25:43 Kenneth Wuest, Word Studies.

[g] Matthew 25:45 Joseph Thayer, A Greek-English Lexicon.

Cross references:

(D) Matthew 25:45 : Prov. 14:31; 17:5.

(E) Matthew 25:46 : Dan. 12:2.

Amplified Bible (AMP)

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Sovereign KING Jesus goes on to say:

“46 And He said, “Woe to you also, lawyers! For you load men with burdens hard to bear, and you yourselves do not touch the burdens with one of your fingers.” “3 Therefore whatever they tell you to observe, *that* observe and do, but do not do according to their works; for they say, and do not do. 4 For they bind heavy burdens, hard to bear, and lay *them* on men's shoulders; but they *themselves* will not move them with one of their fingers.” [Luke 11:46; Matthew 23:3-4, NKJV, Words of Jesus in red]

Commentary: 'Lawyers' & others, such as Federal Lawmakers, who “load men with burdens” (by passing laws stripping students' ability to obtain bankruptcy for most college loans -and stripping 'Truth In Lending' requirements to give borrowers fair 'Due Process' notice of this) violate the Golden Rule. Lawmakers are hypocrites: They wouldn't accept this 'too hard to bear' 'burden' on their shoulders! So, if a lot of rich, powerful church and business community folk (along with a load of 'middle-class' Credit Card users) get together and outright refuse to stand up for the student borrowers' right to be treated 'equally'

and 'fairly' as all other 'distressed debtors' are treated, then what will stop them from being subject to the same thing that the College Students experienced? For example: I can personally attest to the fact that my loans were given to me when bankruptcy was part of the 'Loan Contract,' and yet the terms of the Loan Contract were changed "after-the-fact." Would these many "rich" folk like it if "Big Brother" government did the same thing to them? Second question: Is such likely? ANSWER: Go back, above, and re-read (this time, more slowly) the testimony of Rev. Niemöller, and just 'sit and wonder' when (not if, but when) you will be subject to the same (or similar) oppressions as the 'silent millions' of college students, people who did not ask to be singled out like this. This bears repeating, so I shall: Alan Collinge reports at <http://StudentLoanJustice.org/press-factsheet.html> that: "There was never a rational basis for removing bankruptcy protections from student loans. Three decades ago people found to be discharging their loans shortly after graduation, while highlighted by media and pointed to as a rationalization for bankruptcy removal, turned out to be exceedingly rare. In fact, far less than 1% of all federal loans were actually discharged in bankruptcy." Is Alan right? Yes: The recent 'urban legend' among some of the "rich & powerful" banker types that Congress had 'good' rationale for removal of bankruptcy protections from student loans, namely that many students were abusing this option by going to college, racking up large debts, & then refusing to pay is easily disproved: Default rates and overall college loan debt, good proxies for levels of bankruptcy filings, used to be very low in the past (back when bankruptcy was an option, and did not require the next-to-impossible 'Undue Hardship' test). However, it was only AFTER bankruptcy (and other Standard Consumer Protections) were removed that Student Loan Debt has, for the FIRST TIME in America's history, surpassed Credit Card Debt.

And, finally... a few words from our sponsor... GOD:

Ecclesiastes 5:13-14, Holy Bible, KJV

13 There is a sore evil which I have seen under the sun, namely, riches kept for the owners thereof to their hurt.

14 But those riches perish by evil travail: and he begetteth a son, and there is nothing in his hand.

Luke 12:16-21, Holy Bible, KJV, Letters of our Lord in Red, comment(s) [in bracket] for clarity

16 And he [JESUS] spake a parable unto them, saying, The ground of a certain rich man brought forth plentifully:

17 And he thought within himself, saying, What shall I do, because I have no room where to bestow my fruits?

18 And he said, This will I do: I will pull down my barns, and build greater; and there will I bestow all my fruits and my goods.

19 And I will say to my soul, Soul, thou hast much goods laid up for many years; take thine ease, eat, drink, and be merry.

20 But God said unto him, Thou fool, this night thy soul shall be required of thee: then whose shall those things be, which thou hast provided?

21 So is he that layeth up treasure for himself, and is not rich toward God.

James 5:1-6, Holy Bible, English Standard Version (ESV), (except v.1, which is NIV, for clarity)

"Warning to the Rich"

1 Now listen, you rich people, weep and wail because of the misery that is coming on you. 2 Your riches have rotted and your garments are moth-eaten. 3 Your gold and silver have corroded, and their corrosion will be evidence against you and will eat your flesh like fire. You have laid up treasure in the last days. 4 Behold, the wages of the laborers who mowed your fields, which you kept back by fraud, are crying out against you, and the cries of the harvesters have reached the ears of the Lord of hosts. 5 You have lived on the earth in luxury and in self-indulgence. You have fattened your hearts in a day of slaughter. 6 You have condemned and murdered the righteous person. He does not resist you.

So, the government, once again, created a problem, and then offers solutions or cures which are

worse than the disease; therefore, it would behoove you to re-read this dissertation very closely, remembering that, yes, “it can happen to you.”

The following, below, is a useful appendix of selected Bible passages for Jews and Christians, as it is from the Judeo-Christian Bible; people of other religions might find this enlightening to address these matters:

APPENDIX 'F' – Misc. uncategorised religious citations on Unequal Scales / Balances / Weights / Measures, etc. (from the Judeo-Christian Holy Bible)

Lev. 19:35-36; Deut. 25:13-16; Job 31:6, Prov. 11:1, 16:11, 20:10, 20:23; Ez 45:10; Amos 8:1-7; Micah 6:11; Is. 58:6-7; Matt. 25:31-46, full quote with citations & commentary to clarify

Leviticus 19:35-36 (NIV, Holy Bible)

35 “Do not use dishonest standards when measuring length, weight or quantity.(A) **36** Use honest scales(B) and honest weights, an honest ephah[a](C) and an honest hin.[b](D) I am the Lord your God, who brought you out of Egypt.(E)

Footnotes:

[a] Leviticus 19:36 An *ephah* was a dry measure having the capacity of about 3/5 of a bushel or about 22 liters.

[b] Leviticus 19:36 A *hin* was a liquid measure having the capacity of about 1 gallon or about 3.8 liters.

Cross references:

(A) Leviticus 19:35 : Dt 25:13-16

(B) Leviticus 19:36 : Job 31:6; Pr 11:1; Hos 12:7; Mic 6:11

(C) Leviticus 19:36 : Jdg 6:19; Ru 2:17; 1Sa 1:24; 17:17; Eze 45:10

(D) Leviticus 19:36 : Dt 25:13-15; Pr 20:10; Eze 45:11

(E) Leviticus 19:36 : S Ex 12:17

Deuteronomy 25:13-16 (NIV, Holy Bible)

13 Do not have two differing weights in your bag—one heavy, one light.(A) **14** Do not have two differing measures in your house—one large, one small. **15** You must have accurate and honest weights and measures, so that you may live long(B) in the land the Lord your God is giving you. **16** For the Lord your God detests anyone who does these things, anyone who deals dishonestly.(C)

Cross references:

(A) Deuteronomy 25:13 : Pr 11:1; 20:23; Mic 6:11

(B) Deuteronomy 25:15 : S Ex 20:12

(C) Deuteronomy 25:16 : Pr 11:1

Job 31:6 (NIV, Holy Bible)

6 let God weigh me in honest scales and he will know that I am blameless—

Proverbs 11:1 (NIV, Holy Bible)

11 The Lord detests dishonest scales, but accurate weights find favor with him.

Proverbs 16:11 (NIV, Holy Bible)

11 Honest scales and balances belong to the Lord; all the weights in the bag are of his making.

Proverbs 20:10 (NIV, Holy Bible)

10 Differing weights and differing measures—the Lord detests them both.

Proverbs 20:23 (NIV, Holy Bible)

23 The Lord detests differing weights, and dishonest scales do not please him.

Ezekiel 45:10 (NIV, Holy Bible)

10 You are to use accurate scales, an accurate ephah and an accurate bath.

A Basket of Ripe Fruit [Amos 8:1-7 (NIV, Holy Bible), Fair Use quote]

1 This is what the Sovereign Lord showed me: a basket of ripe fruit. **2** “What do you see, Amos?” he asked. “A basket of ripe fruit,” I answered. Then the Lord said to me, “The time is ripe for my people Israel; I will spare them no longer.

3 “In that day,” declares the Sovereign Lord, “the songs in the temple will turn to wailing. Many, many

bodies—flung everywhere! Silence!”

4 Hear this, you who trample the needy and do away with the poor of the land,

5 saying, “When will the New Moon be over that we may sell grain, and the Sabbath be ended that we may market wheat?”—skimping on the measure, boosting the price and cheating with dishonest scales,

6 buying the poor with silver and the needy for a pair of sandals, selling even the sweepings with the wheat.

7 The Lord has sworn by himself, the Pride of Jacob: “I will never forget anything they have done.

Micah 6:11 (NIV, Holy Bible)

11 Shall I acquit someone with dishonest scales, with a bag of false weights?

Well, *will* The Lord God Almighty acquit someone who is a shape-shifting chameleon and truce-breaker, who “changes the rules” mid-flight and directly violated the standards in both the U.S. Constitution and the Holy Bible? Oh, really?... And, in case the reader forgets that Sovereign KING Jesus has the same Divine authority to whack an evil-doer, please see this:

Isaiah 58:6-7 (AMP, Holy Bible; bold-faced blue and underline added for clarity)

6 [Rather] is not this the fast that I have chosen: to loose the bonds of wickedness, to undo the bands of the yoke, to let the oppressed go free, and that you break every [enslaving] yoke?(A)

7 Is it not to divide your bread with the hungry **and bring the homeless poor into your house** when you see the naked, that you cover him, and that you hide not yourself from [the needs of] your own flesh and blood?

Cross references:

Isaiah 58:6 : Acts 8:23.

Matthew 25:31-46 (AMP, Holy Bible)

Words of Jesus in red, AMP comments in [brackets]; selected editorial comments in {{double parenth}}

31 When the Son of Man comes in His glory (His majesty and splendor), and all the holy angels with Him, then He will sit on the throne of His glory.

32 All nations will be gathered before Him, and He will separate them [the people] from one another as a shepherd separates his sheep from the goats;(A)

33 And He will cause the sheep to stand at His right hand, but the goats at His left.

34 Then the King will say to those at His right hand, Come, you blessed of My Father [you [a] favored of God and appointed to eternal salvation], inherit (receive as your own) the kingdom prepared for you from the foundation of the world.

35 For I was hungry and you gave Me food, I was thirsty and you gave Me something to drink, I was a {{homeless, wandering: Cf: Is.58:6-7}} stranger and you [b]brought Me together with yourselves and welcomed and entertained and [c]lodged Me,

36 I was naked and you clothed Me, I was sick and you visited Me [d]with help and ministering care, I was in prison and you came to see Me.(B)

37 Then the just and upright will answer Him, Lord, when did we see You hungry and gave You food, or thirsty and gave You something to drink?

38 And when did we see You a stranger and welcomed and entertained You, or naked and clothed You?

39 And when did we see You sick or in prison and came to visit You?

40 And the King will reply to them, Truly I tell you, in so far as you did it for one of the least [[e]in the estimation of men] of these My brethren, you did it for Me.(C)

41 Then He will say to those at His left hand, Begone from Me, you cursed, into the eternal fire prepared for the devil and his angels!

42 For I was hungry and you gave Me no food, I was thirsty and you gave Me nothing to drink,

43 I was a {{homeless, wandering: Cf: Is.58:6-7}} stranger and you did not welcome Me and entertain Me, I was naked and you did not clothe Me, I was sick and in prison and you did not visit Me [f]with help and ministering care.

44 Then they also [in their turn] will answer, Lord, when did we see You hungry or thirsty or a stranger or

naked or sick or in prison, and did not minister to You?

45 And He will reply to them, Solemnly I declare to you, in so far as you failed to do it for the least [[g]in the estimation of men] of these, you failed to do it for Me.(D)

46 Then they will go away into eternal {{hell-fire: Matthew 5:22, 18:9; Mark 9:43-47; James 3:6; Revelation 20:14}} punishment {{forever: Genesis 3:22; Jude 1:13; Revelation 20:10}}, but those who are just and upright and in right standing with God into eternal life.(E)

Footnotes:

- (a) Matthew 25:34 Joseph Thayer, A Greek-English Lexicon.
- (b) Matthew 25:35 Literal meaning.
- (c) Matthew 25:35 William Tyndale, The Tyndale Bible.
- (d) Matthew 25:36 Kenneth Wuest, Word Studies.
- (e) Matthew 25:40 Joseph Thayer, A Greek-English Lexicon.
- (f) Matthew 25:43 Kenneth Wuest, Word Studies.
- (g) Matthew 25:45 Joseph Thayer, A Greek-English Lexicon.

Cross references:

- (A) Matthew 25:32 : Ezek. 34:17.
- (B) Matthew 25:36 : Isa. 58:7.
- (C) Matthew 25:40 : Prov. 19:17.
- (D) Matthew 25:45 : Prov. 14:31; 17:5.
- (E) Matthew 25:46 : Dan. 12:2.

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Certificate of Font Size, Font Type, and Margins

I, Gordon Wayne Watts, hereby certify that, in the construction of this brief, I used font “Times New Roman” of font size = 12, except in the cover page, one Op-Ed, and a quote of Amos 8:4-7, in the 'Religious Freedoms' sections, as well as a quote by Martin Niemöller in APPENDIX 'E', where slight variations for style are apparent. For the margins, I used 0.75” (□ of an American inch) per side, which is believed to be convenient for most printers. For the colour, I used Black Font except in rare cases where an Op-Ed or an active Internet link called for a differing colour, or quoting the words of Jesus “in red,” to illustrate Religious Freedoms in the indicated section.

Certificate of Service

As yet, I have not served this upon anyone, but am placing this, my research, in the Public Domain, in order that it may avail assistance and help for others for whom it may afford much-needed help.

- by mine own hand, and via electronic signature, I now do sign:
- Gordon Wayne Watts
- Date: Saturday, 16 April 2016, at: 04:32 PM, Eastern Standard Time

In Re: GORDON WAYNE WATTS (as next friend of THERESA MARIE 'TERRI' SCHIAVO), No. SC03-2420 (Fla. Feb.23, 2005), denied 4-3 on rehearing. (Watts got 42.7% of his panel)
<http://www.FloridaSupremeCourt.org/clerk/dispositions/2005/2/03-2420reh.pdf>

In Re: JEB BUSH, GOVERNOR OF FLORIDA, ET AL. v. MICHAEL SCHIAVO, GUARDIAN: THERESA SCHIAVO, No. SC04-925 (Fla. Oct.21, 2004), denied 7-0 on rehearing. (Bush got 0.0% of his panel before the same court)
<http://www.FloridaSupremeCourt.org/clerk/dispositions/2004/10/04-925reh.pdf>

Schiavo ex rel. Schindler v. Schiavo ex rel. Schiavo, 403 F.3d 1223, 2005 WL 648897 (11th Cir. Mar.23, 2005), denied 2-1 on appeal. (Terri Schiavo's own blood family only got 33.3% of their panel on the Federal Appeals level)
<http://media.ca11.uscourts.gov/opinions/pub/files/200511556.pdf>

