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Schumer, Warren: The Next President Can and Should Cancel Up To \$50,000 In Student Loan Debt Immediately; Democrats Outline Plan for Immediate Action in 2021

President has existing executive authority to cancel student loan debt from Congress

Canceling student loan debt will relieve a huge burden on families during COVID-19 and beyond, close the racial wealth gap, and boost our economy

Over 100 community, civil rights, consumer, and student advocacy organizations support student debt cancellation; Donald Trump and Republicans continue to ignore the growing student debt crisis and block student debt cancellation

[Link to resolution | Harvard Letter Affirming Existing Legal Authorities](#)

Washington, DC - Senate Democratic Leader Chuck Schumer (D-NY), Senator Elizabeth Warren (D-MA.), Member of the Senate Health, Education, Labor, and Pensions (HELP) Committee and their colleagues introduced a resolution today outlining a bold plan for the next President of the United States to use existing authority under the Higher Education Act to cancel up to \$50,000 in Federal student loan debt for Federal student loan borrowers. The resolution outlines how the President should use executive authority to cancel student loan debt and ensure there is no tax liability for Federal student loan borrowers resulting from administrative debt cancellation. Donald Trump and Republicans in Congress refuse to provide any immediate student debt cancellation for tens of millions of Americans, but Democrats will be ready to act starting in 2021. Joining the resolution are Senators Sherrod Brown (D-OH), Richard J. Durbin (D-IL), Bernard Sanders (I-VT), Tammy Duckworth (D-IL), Richard Blumenthal (D-CT), Chris Van Hollen (D-MD), Jeff Merkley (D-OR), Edward J. Markey (D-MA), and Cory Booker (D-NJ), Robert Menendez (D-NJ), and Ron Wyden (D-OR).

Studies show that student debt cancellation can substantially increase Black and Latinx household wealth and help close the racial wealth gap, provide immediate relief to millions who are struggling during this pandemic and recession, and give a boost to our struggling economy through a consumer-driven economic stimulus that can result in greater home-buying rates and housing stability, higher college completion rates, and greater small business formation. Over 100 community, civil rights, consumer, and student advocacy organizations have already come out in support of using executive authority to cancel student loan debt.

"Education is supposed to be a ladder up, but for too many the burden of student debt has become an anchor holding them down," said Leader Schumer.

"Massive student loan debt is exacerbating the historic and overlapping crises our country is facing, especially for communities of color, which have been hit

hardest by the health and economic consequences of COVID-19. Our resolution lays out a way for the president to change that. Canceling student loan debt would help boost our struggling economy and close the racial wealth gap that has persisted for far too long."

"Even before the coronavirus pandemic plunged our economy into chaos, student loan borrowers were already in crisis," said Senator Warren. "The President of the United States has the power to broadly cancel student loan debt, help close the racial wealth gap, and give a big boost to families and our economy. It's time to use this existing authority and permanently improve the lives of tens of millions of Americans."

Congress has already granted the Secretary of Education the legal authority to broadly cancel student debt under section 432(a) of the Higher Education Act of 1965 (20 U.S.C. 1082(a)), which grants the Secretary the authority to modify, "... compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption." The Department of Education has reportedly used this authority to implement modest relief for federal student loan borrowers during the COVID-19 pandemic.

This resolution:

- Recognizes the Secretary of Education's broad administrative authority to cancel Federal student loan debt under the existing authorities of section 432(a) of the Higher Education Act of 1965 (20 U.S.C. 1082(a));
- Calls on the President of the United States to take executive action to administratively cancel up to \$50,000 in Federal student loan debt for Federal student loan borrowers using existing legal authorities under such section 432(a), and any other authorities available under the law;
- Encourages the President of the United States, in taking such executive action, to use the executive's authority under the Internal Revenue Code of 1986 to ensure no tax liability for Federal student loan borrowers resulting

from administrative debt cancellation;

- Encourages the President of the United States, in taking such executive action, to ensure that administrative debt cancellation helps close racial wealth gaps and avoids the bulk of Federal student debt cancellation benefits accruing to the wealthiest borrowers; and
- Encourages the President of the United States to continue to pause student loan payments and interest accumulation for Federal student loan borrowers for the entire duration of the COVID-19 pandemic.

"Before the COVID-19 pandemic, millions of Americans were already confronting burdensome student loans, with the national student loan debt at a record \$1.5 trillion. Now, as the country confronts sky-high unemployment, and crippling state, school and local budget cuts have further depressed employment prospects, that debt burden is an economic death sentence. Student loan debt is hindering borrowers' ability to buy homes, pursue certain professions, and participate in any type of future economic recovery. And it has a particularly pernicious impact on communities of color, which have disproportionately experienced its consequences. As the country grapples with unprecedented health, economic and racial crises, our government must do everything it can to ease that burden. Broadly cancelling student loan debt would be a game-changer for millions of people in this country and a lifeline when they desperately need it. Thank you, Sens. Schumer and Warren, for this initiative. It's time the president steps up to help people and shows some leadership on an issue that truly matters." - Randi Weingarten, President of American Federation of Teachers

"Communities and families across the nation are feeling firsthand the pain of the economic crisis brought forth by the pandemic. With high levels of unemployment and with working people struggling to make ends meet, we must do everything possible to help families survive. Even before the coronavirus, too many Americans, especially communities of color, faced crippling student loan debt that made it impossible to get ahead in life. The economic crisis has only

exacerbated this devastating situation, leaving many choosing between paying their student loan payment or putting food on the table for their family. This is not right. Cancelling student debt will provide some much-needed relief to millions of people who desperately need this lifeline from this massive burden. Educators applaud Sens. Warren and Schumer for their leadership and for putting people first as we address this crisis and help people recover from the economic fallout."
- Becky Pringle, President of National Education Association

In March, Senators Schumer, Warren, Murray, Brown and their colleagues unveiled a proposal to cancel at least \$10,000 in student loan debt during the COVID-19 pandemic. Senator Warren has introduced legislation with House Majority Whip James E. Clyburn (D-S.C.) to eliminate up to \$50,000 in student loan debt for 42 million Americans, including private borrowers.

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