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BY OVERNIGHT DELIVERY

President Joseph R. Biden, Jr.
The White House
1600 Pennsylvania Avenue, N.W.
Washington, DC 20500

Cancelation of Federal Student Loan Debt

Dear Mr. President:

We, the undersigned Attorneys General, write on behalf of our residents and federal student loan borrowers throughout the country to call upon your administration to exercise its executive authority under the *Higher Education Act* to cancel federal student loan debt for each and every borrower. Such action would benefit millions of borrowers and be one of the most impactful racial and economic justice initiatives in recent memory.

The crushing burden of more than \$1.7 trillion dollars in federal student loan debt is well documented.¹ The undersigned Attorneys General, who are responsible for enforcing state consumer protection laws, experience firsthand the catastrophic effects for borrowers who are unable to manage the heavy burden, from wage garnishment and seizures of Social Security payments, to the loss of critical earned income tax credits for vulnerable families. While the Covid-19 pandemic has caused tremendous disruption for countless borrowers, it is not the pandemic alone that is the problem. The sheer enormity of debts owed, a systemically flawed repayment and forgiveness system, and the disproportionate impact of the debt burden all speak to the enormity of the challenge facing countless borrowers. While our offices have taken substantial actions to stamp out fraudulent activity where we can, including taking on for-profit colleges that drive up debts in exchange for worthless degrees and predatory lenders who prey on borrowers in the direst of circumstances,² only action by the federal government can provide the decisive and holistic relief that is needed by millions of federal student loan borrowers.

¹ E.g., Scholarship America, *The Far-Reaching Impact of the Student Debt Crisis*, Jan. 2021, available at <https://scholarshipamerica.org/blog/the-far-reaching-impact-of-the-student-debt-crisis/>.

² E.g., Illinois Attorney General, *Attorney General Madigan Reaches \$493.7 Million Settlement with For-Profit Education Company*, Jan. 3, 2019, available at www.illinoisattorneygeneral.gov/pressroom/2019_01/.

Absent such action, borrowers throughout the country will continue to struggle. Our offices routinely receive complaints from borrowers who are unable to navigate the complex web of regulations, servicers and systems for repayment or forgiveness of loans. We have expended substantial resources seeking justice for borrowers who are tricked into costly forbearance plans.³ We have brought suit against contractors who bungle critical processes, such as the administration of the Public Service Loan Forgiveness program.⁴ And we have fought to safeguard critical protections for borrowers who are victims of aggressive actions of predatory for-profit colleges that falsely promise future success but frequently leave students saddled with loan debt, worthless degrees and limited job prospects.⁵ Through these and other actions, we have developed a deep understanding of the systemic challenges facing all federal student loan borrowers, whether or not they have the financial means for repayment.

Restarting federal student loan payments, rather than permanently forgiving them, will only make matters worse. Already borrowers have collectively received hundreds of millions of emails alerting them to approaching deadlines for resumption of repayment, only to see those deadlines extended—sometimes at the very last moment.⁶ Multiple servicers have announced that they are not renewing their contracts with the Department of Education, and borrowers are being transferred to a variety of new third-party providers.⁷ And borrowers who were previously signed up for automatic payments may not have those payments resume once the pause on repayment is lifted.⁸ Even if borrowers can overcome the confusing path forward, they will struggle to keep up: one recent study found that 95% of borrowers who took advantage of the current pause on student loan payments reported anticipating at least “some difficulty” in keeping up with payments once the pause is lifted, with three out of four reporting that keeping up with future payments will be “somewhat difficult,” “very difficult” or “impossible.”⁹

2019103.html; Illinois Attorney General, *Attorney General Raoul Announces Settlement with ITT Tech Private Student Loan Lender*, Jun. 18, 2019, available at https://www.illinoisattorneygeneral.gov/pressroom/2019_06/20190618.html.

³ Consent Judgment, *People v. Navient Corp.*, Jan. 13, 2022, available at https://ag.ny.gov/sites/default/files/new_york_2022.01.13_navient_consent_judgment_-_fully_executed.pdf.

⁴ New York State Office of the Attorney General, *AG James Sues Student Loan Servicer for Mismanaging Loan Forgiveness Program*, Oct. 3, 2019, available at <https://ag.ny.gov/press-release/2019/ag-james-sues-student-loan-servicer-mismanaging-loan-forgiveness-program>.

⁵ New York State Office of the Attorney General, *Attorney General James Sues Department of Education for Prioritizing For-Profit Colleges Over Students*, July 15, 2020, available at <https://ag.ny.gov/press-release/2020/attorney-general-james-sues-department-education-prioritizing-profit-colleges>.

⁶ NPR, *Why Your Student Loan Payments May Be Delayed (Again)*, Mar. 14, 2022, available at <https://www.npr.org/2022/03/14/1085707282/student-loan-payments-extension>.

⁷ *E.g.*, Federal Student Aid, *FedLoan Servicing (PHEAA) to Stop Servicing Federal Student Loans*, Dec. 22, 2021, available at <https://studentaid.gov/announcements-events/fedloan-stop-servicing-loans> (student loan servicing to be transferred to four separate entities).

⁸ Federal Student Aid, *Frequently Asked Questions*, available at <https://studentaid.gov/announcements-events/covid-19#repayment-prep> (noting that, for most borrowers, auto-debit payments **will not** restart automatically) (emphasis in original) (last visited Apr. 12, 2022).

⁹ TIAA, *2021 Nonprofit Student Debt Survey*, Nov. 2021, available at https://www.tiaa.org/public/pdf/tiaa_student_debt_survey_executive_summary.pdf.

The enormous benefits to borrowers, to state and local governments, and to our country from widespread student loan forgiveness are beyond serious dispute. Even before the pandemic, the student debt load was unsustainable, as one in four borrowers was in default or serious delinquency, while programs designed to lessen the financial burden with reduced payments and promises of forgiveness, such as income-driven repayment, had utterly failed in the mission, having delivered successful forgiveness to less than 50 borrowers in its 20-plus year history.¹⁰ Indeed, the Department of Education's recent announcement of efforts to address wide-spread use of extended periods of forbearance acknowledged the "longstanding failures" of programs that were supposed to offer paths to student loan forgiveness.¹¹ Even borrowers who are able to keep current on their loans are harmed, as they put off significant life investments and improvements, such as saving for retirement or buying a home, so that they can afford their monthly payments.¹² Cancellation of federal student loan debts will reduce stress and mental fatigue, free families to invest in new homes and new lives, and provide countless opportunities. And because student loan debt exacerbates the racial wealth gap,¹³ widespread cancellation of student loan debt is not merely a matter of economic justice, but of racial justice as well.

I know that you and your administration appreciate the gravity of the federal student loan debt crisis. On the campaign trail, you pledged to forgive a minimum of \$10,000 per-borrower in federal student loan debt.¹⁴ And just this month, in announcing a further extension of the repayment pause, Secretary Cardona acknowledged that "so many of our borrowers have fallen on hard times, even before the pandemic."¹⁵ But more is needed.

We are currently embroiled by a significant international conflict, our economy remains fragile and consumer prices for every day necessities are spiking at rates unseen for decades.¹⁶ While pushing out repayment restarts and attempting to tackle past forbearance abuses are helpful, they are not enough. Now is not the time for half measures, extensions or patchwork solutions. Now is the time for decisive action. We call upon your administration to immediately exercise its authority to cancel federal student loan debt for every borrower.

¹⁰ National Consumer Law Center, *Restoring the Promise of Income-Driven Repayment*, Jan. 12, 2022, available at https://www.nclc.org/images/pdf/student_loans/Final-SBPC-NCLC-CRL-IDR-Waiver-Proposal.pdf.

¹¹ Department of Education, *Department of Education Announces Actions to Fix Longstanding Failures in the Student Loan Programs*, Apr. 19, 2022, available at <https://www.ed.gov/news/press-releases/department-education-announces-actions-fix-longstanding-failures-student-loan-programs>.

¹² The Guardian, *Americans Stress Over 'Unshakeable Burden' of Student Loan Payments*, May 30, 2021, available at <https://www.theguardian.com/money/2021/may/30/us-student-loan-payments-pandemic>.

¹³ Center for Responsible Lending, *Quicksand: Borrowers of Color & the Student Debt Crisis*, Sep. 2019, available at <https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-quicksand-student-debt-crisis-jul2019.pdf>.

¹⁴ President Joseph R. Biden, *Twitter*, Mar. 22, 2022, available at https://twitter.com/JoeBiden/status/1241869418981920769?s=20&t=P155I20Yatsi_aE-4UnZ0A.

¹⁵ NPR, *The Student Loan Paus Has Been Extended Until the End of the Summer*, Apr. 6, 2022, available at <https://www.npr.org/2022/04/06/1091018301/student-loan-pause-extended>.

¹⁶ The Guardian, *US Inflation Climbed to 8.5% in March, highest rate since 1981*, Apr. 12, 2022, available at <https://www.theguardian.com/business/2022/apr/12/us-inflation-rate-march-2022>.

Respectfully,



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