

Adams, Van Hollen Introduce Student Debt Relief Bill for Parent Borrowers



From Rep. Adams Press <adams.press@mail2.housecommunications.gov>
To <sjohnston@tuesdayforumcharlotte.org>
Reply-To <greg.nasif@mail.house.gov>
Date 2024-09-20 08:20

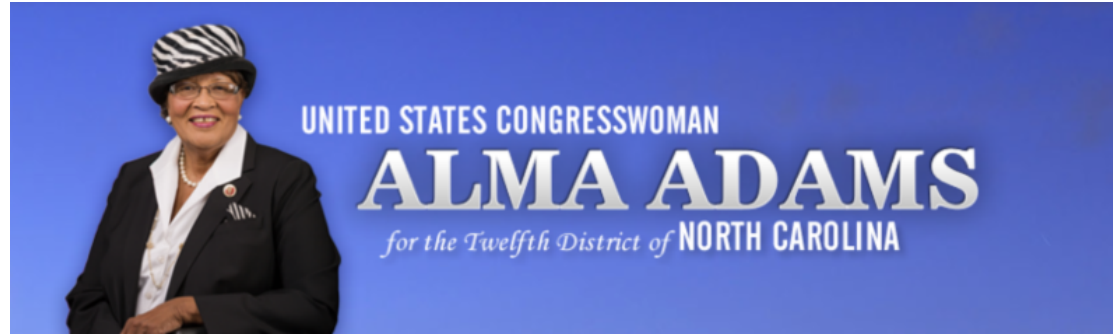
FOR IMMEDIATE RELEASE

September 20, 2024

Media Contact: Greg Nasif, Press Secretary, 202-308-7055

Greg.Nasif@mail.house.gov

Media Spokesperson: Loan Lake, Communications Director,
202-308-9572, Lo'an.Lake@mail.house.gov



Adams, Van Hollen Introduce Student Debt Relief Bill for Parent Borrowers

Bicameral Legislation will make student debt repayment easier for parents

WASHINGTON – Yesterday, U.S. Representative Alma S. Adams, Ph.D. (D-N.C.), and U.S. Senator Chris Van Hollen (D-Md.) introduced the Parent PLUS Parity Act, bicameral legislation to ease the burden of student loan debt for parent borrowers who helped their children pay for their higher education.

Nationwide, approximately 3.9 million borrowers have outstanding Parent PLUS loan balances totaling \$112 billion. While these loans allow parents of dependent undergraduate students to borrow money to pay costs not already covered by the student's financial aid package, current law excludes borrowers from the Parent PLUS and Federal Family Education Loan (FFEL) programs from most income-based repayment plans. Among other provisions, the Parent PLUS Parity Act makes parent borrowers eligible for repayment plans created by the U.S. Department of Education under the Biden-Harris Administration. This legislation comes after Senator Van Hollen led several of his colleagues in urging the Biden-Harris Administration – in 2022 and earlier this year – to provide financial relief to parent borrowers, while welcoming its efforts thus far to address the student debt crisis.

“This legislation is about fairness for families, so that more parents can help their children through college without worrying about how to make ends meet at their current salary level. If we can amend the law to allow income-based repayments then we should, especially for payees who are disabled or retired. It's unconscionable that disabled and retired individuals on limited incomes are having their incomes garnished to cover student loan debt. This is a way for us to do better by the American people. I thank Mr. Van Hollen for introducing the companion bill in the Senate and working with me to get this bill passed,” **said Congresswoman Adams.**

“Millions of parents who struggled to help their kids pay for college are now trapped in unsustainable debt – and it's not just hurting them, it's holding back our entire economy. While the Biden-Harris Administration has taken important steps to expand income-based repayment options so students can pay off their loans, parent borrowers have been excluded from these programs, offering them little to no recourse. Our legislation will help those families chart a path to clear their debt and regain their financial footing,” **said Senator Van Hollen.**

“Parents taking out loans to help their kids pay for higher education deserve the same loan forgiveness and relief options as other borrowers,” **said Senator Alex Padilla (D-CA).** “More and more low-income families, especially Black and Latino parents, rely on the Parent PLUS program every year but have limited loan repayment options. By expanding parents' access to the same repayment benefits their kids would receive, we can help close the racial wealth gap and expand debt relief for underserved families.”

In addition to Senator Van Hollen, the legislation is co-led by Senator Padilla and cosponsored by Senators Cory Booker (D-NJ), Tim Kaine (D-VA), Bernie Sanders (I-VT), Tina Smith (D-MN), Elizabeth Warren (D-MA), and Peter Welch (D-VT).

In addition to Representative Adams, the bill is cosponsored in the House by Representatives Bonnie Watson Coleman (D-NJ) and Maxine Waters (D-CA).

The Parent PLUS Parity Act is endorsed by NAACP, National Education Association, Student Borrower Protection Center, The

Institute for College Access & Success (TICAS), Student Debt Crisis Center, Project on Predatory Student Lending, Education Trust, Justice in Aging, and the Century Foundation Higher Education Team.

Established in 1980, Parent PLUS loans were initially intended to assist higher-asset families, but as tuition has skyrocketed and the purchasing power of the Pell Grant has fallen, families with limited resources, particularly families of color, have increasingly turned to Parent PLUS loans to make up the shortfall. The consequences of this have been enormous, trapping thousands of low-income American families under a crushing financial burden. Between 1996 and 2018, the number of Parent PLUS recipients under the federal poverty line rose by an astonishing 350 percent. In 2020, the average Parent PLUS loan debt held was \$37,970, a 40 percent increase since 2000. In 2015, 40,000 disabled or retired Parent PLUS borrowers had their Social Security benefits garnished after defaulting on their loans. What's more, Black parents are struggling disproportionately; the share of Black Parent PLUS borrowers with incomes below \$30,000 nearly tripled from 2008 to 2018. In 2018, 44 percent of Black Parent PLUS borrowers had an annual income below \$30,000 compared to only 10 percent of White Parent PLUS borrowers.

Currently, Parent PLUS borrowers are excluded from most income-based repayment plans, including the SAVE Plan, the PAYE Repayment Plan, and the IBR Plan. Parent PLUS borrowers are also not eligible to discharge their loans in cases where their child becomes disabled and face additional barriers to obtaining Public Student Loan Forgiveness (PSLF).

In his letters to Secretary Cardona, Senator Van Hollen has urged the Education Department to use the extent of its authorities to provide relief for Parent PLUS borrowers. As a result of these efforts, the Department included Parent PLUS borrowers in its new hardship discharge program in the proposed student loan relief regulations announced in April 2024. The Parent PLUS Parity Act makes necessary statutory changes to ensure Parent PLUS borrowers can pursue additional avenues for debt relief and to protect these borrowers against Republican attacks on the Department of Education's student debt relief programs.

This legislation will help families tackle intergenerational debt, ensure equal access to programs available to other borrowers, and provide urgently-needed assistance to millions of forgotten Parent PLUS borrowers by:

- Expanding the income-driven repayment plan options for Parent PLUS and all FFEL borrowers to all income-driven repayment plans and any forthcoming plans issued by the Department of Education, including the new SAVE program, PAYE, and IBR.
- Making Parent PLUS borrowers eligible for discharge if their child on whose behalf they've taken out loans becomes eligible for Total and Permanent Disability discharge.
- Making Parent PLUS borrowers eligible for automatic discharge if their child on whose behalf they've taken out loans has their own loans discharged under Borrower Defense.
- Making Parent PLUS borrowers eligible for PSLF if their child on whose behalf they've taken out loans serves the standard amount of time (120 months) in qualifying public service employment.
- Directing the Secretary of Education to create a new hardship category program that will permit Parent PLUS borrowers to apply for loan discharge if they meet certain requirements based on

income, borrower age, and other factors.

The full text of the bill is available [here](#).

“If we fail to address intergenerational debt experienced by families with Parent PLUS loans, we will fall short of fixing our broken student loan system,” **said Senator Booker**. The Parent PLUS Parity Act will bring parents much needed relief by expanding access to income-based repayment plans. No one should have to choose between supporting their child’s future and their family’s financial security.”

“As a member of the Senate Health, Education, Labor and Pensions Committee, making sure that Virginia students have the freedom to make the decisions that are right for them is one of my top priorities. That includes looking for commonsense solutions to make higher education opportunities more affordable,” **said Senator Kaine**. “I’m glad to join my colleagues in introducing this legislation to give Parent PLUS borrowers—many of whom are families of color—some breathing room by boosting access to existing income-based repayment plans and application-based relief programs. Supporting our students is critical to the health of our economy, and I will keep looking for opportunities to do so.”

“This bill to provide parity for Parent PLUS loan borrowers is a matter of fairness and equity. Doing so will give millions of working families important financial relief, help tackle intergenerational debt and ensure that everyone has access to all income-driven repayment plans,” **said Senator Smith**. “Passing this legislation would mean millions of parents would no longer be burdened by student loan debt.”

“Parent PLUS loans are an example of how our federal student loan program has failed families. Instead of helping families pay for their child’s education, Parent PLUS loans have left many with crippling repayment obligations and reduced debt relief options. These loans have been especially brutal to people of color and marginalized communities, causing them to default on their loans. It’s not sustainable,” **said Senator Welch**. “This bill is an important step in reforming our federal student loan program.”

“Black parents have long understood that higher education opens doors of opportunity for their children. However, the Parent PLUS loan program has often trapped lower-income families in debt, with repayment guidelines designed for wealthier households. The significant number of affected parents highlights a policy failure: skyrocketing education costs combined with a loan program that doesn’t work for low-income families. Senator Van Hollen’s and Representative Adams’s bill seeks to reform Parent PLUS by aligning repayment options with those available for other student loans. This would allow parents to receive relief when their child qualifies for Public Service Loan Forgiveness (PSLF) or Total and Permanent Disability (TPD) discharge. The bill also introduces new relief for parents facing financial hardship. These changes would help address a significant injustice: penalizing low-income parents for supporting their child’s pursuit of the American Dream,” **said Wisdom Cole, Senior National Advocacy Director, NAACP**.

“For too long, Parents PLUS borrowers have been left out of critical efforts to alleviate the crushing burden of student loan debt. As a result, Parent PLUS borrowers have been left struggling with unaffordable monthly payments that can force them to delay retirement, push them into poverty and even subject them to Social

Security benefit offset and other catastrophic consequences if they fall behind. We applaud Senator Van Hollen and Representative Alma Adams for introducing the Parent PLUS Parity Act which will ensure that Parent PLUS borrowers have access to the full suite of affordable repayment options that all other federal borrowers do. The Act also importantly establishes critical pathways to relief to support Parent PLUS borrowers should they experience financial hardship," **said Aissa Canchola Bañez, Policy Director, Student Borrower Protection Center.**

"The burden of Parent PLUS debt disproportionately falls on low-income parents and parents of color. The Parent PLUS program currently has limited pathways to enable families to successfully manage their debt, which results in financial harm that can ripple through generations. This bill provides important borrower protections for parents, including affordable income-based repayment options and a fair path to relief for loans taken out to pay for schools that engage in misconduct. We thank Senator Van Hollen and Congresswoman Adams for their leadership on this issue and their commitment to ensuring that families with Parent PLUS loans can benefit from the same borrower protections as other student loans," **said Ashley Harrington, Senior Director of Policy and Advocacy, Project on Predatory Student Lending.**

"At the Student Debt Crisis Center, we are proud to endorse the Parent PLUS Parity Act which will expand access to Income-Driven Repayment (IDR) plans and IDR forgiveness to all borrowers, including parents with parent PLUS loans. This bill will help millions of parents who took out student loans to support their children in college and who now find themselves struggling to meet their monthly payments. This is one step towards a more fair and just student loan system, and brings us one step closer to achieving our goal of ending the student debt crisis," **said Natalia Abrams, President & Founder, Student Debt Crisis Center.**

"EdTrust has repeatedly detailed how the student loan debt burden impedes the economic stability and well-being of Black borrowers," **said Education Trust's Senior Vice President, Wil Del Pilar.** "Policy solutions like increasing repayment options for Parent PLUS are a crucial step toward ensuring that parents, especially under-represented parents and parents from low-income backgrounds, are not burdened with unmanageable debt while investing in their children's future. This bill adopts several of our recommendations on how to address this issue, and we are pleased to support it."

"Parent PLUS borrowers face the same financial challenges as other borrowers do, yet they have fewer protections from spiraling debts. The Parent PLUS Parity Act would enable parent-borrowers to access many of the Biden-Harris Administration's improvements to student loan repayment and enjoy retirement unburdened by excessive student loan bills," **said Peter Granville, Fellow, Century Foundation Higher Education Team.**

###

Congresswoman Alma S. Adams, Ph.D. represents North Carolina's 12th Congressional District (Charlotte, Mecklenburg County, Cabarrus County) and serves on the House Committee on Agriculture and the House Committee on Education & the Workforce, where she serves as ranking member of the Workforce Protections Subcommittee.

Congresswoman Alma S. Adams, NC-12
2436 Rayburn House Office Building Washington, DC 20515
Phone: 202-225-1510 Fax: 202-225-1512

Office of Congresswoman Alma Adams | 10815 David Taylor Dr., Suite 100 | Charlotte, NC
28262 US

[Unsubscribe](#) | [Constant Contact Data Notice](#)