



BRIAN E. FROSH, MARYLAND ATTORNEY GENERAL

PRESS RELEASE

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Media Contacts:
press@oag.state.md.us
410-576-7009

Attorney General Frosh Calls for Cancellation of Federal Student Loan Debt

Joins Multistate Coalition in Support of Congressional Resolutions Calling for the Cancellation of up to \$50,000 of Debt Per Student Borrower

BALTIMORE, MD – Maryland Attorney General Brian E. Frosh today joined a multistate coalition urging the adoption of U.S. House and Senate resolutions that call for the cancellation of up to \$50,000 in federal student debt owed by every federal student loan borrower nationwide.

In their [letter](#) to Congress, the attorneys general stress the immediate relief needed for borrowers struggling with unmanageable student loan debt, which has only been exacerbated by the COVID-19 pandemic and current financial crisis. The resolutions, Senate Resolution 46 and House Resolution 100, call on President Biden to exercise his authority to cancel up to \$50,000 in federal student loan debt per borrower.

“Terrible mismanagement of federal student loan programs has left student-borrowers with an enormous amount of debt, often after being persuaded to take out loans for educational programs that offered no real hope of meaningful employment,” said Attorney General Frosh.

According to the letter, the existing repayment system for federal student loans provides insufficient opportunity for struggling borrowers to manage their debts. As many as one in five federal student loan borrowers are in default. Options for student borrowers to obtain relief have also proven to be inadequate. Only 2 percent of borrowers who applied for loan discharges under the Public Service Loan Forgiveness program have been granted a discharge, and efforts by state attorneys general to obtain student loan discharges for students defrauded by for-profit schools have been stymied by the U.S. Department of Education (ED).

The letter specifically highlights misconduct by for-profit schools, and how the industry’s predatory practices have disproportionately harmed people of color. The attorneys general also

explain that cancelling federal student loan debt can substantially increase Black and Latino household wealth and help close the racial wealth gap.

The Maryland Attorney General's office has, for many years, sought protections for student-borrowers. Attorney General Frosh, as part of a multistate coalition, led a group of states in the filing of a lawsuit in 2017 defending the Gainful Employment Rule when the ED delayed and rolled back various parts of this regulation. The rule was implemented in 2014, and had prohibited institutions from participating in the federal student loan program if the institutions' educational programs consistently fail to prepare students for gainful employment. Again in 2020, Attorney General Frosh and 17 other attorneys general filed a lawsuit against ED Secretary Betsy DeVos asking the court to vacate the rule that repealed the Gainful Employment Act.

During the previous administration, the ED, on three separate occasions, delayed the implementation of the Borrower Defense Rule, which was designed to hold abusive higher education institutions accountable for cheating students and taxpayers out of billions of dollars in federal loans. When it was finally implemented in 2019, the Borrower Defense Rule was inadequate, making it more likely that Marylanders would be saddled with significant amounts of student loan debt that they could not repay. Attorney General Frosh and 22 other states filed a lawsuit in 2020 alleging the new rule harms the public interest and welfare of the residents of the State of Maryland.

Joining Attorney General Frosh in today's letter are the attorneys general of Connecticut, Delaware, the District of Columbia, Hawaii, Illinois, Massachusetts, Minnesota, Nevada, New Jersey, New Mexico, New York, Oregon, Vermont, Virginia, Washington, and Wisconsin.

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