

A RESOLUTION

24-118

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

June 1, 2021

To declare the sense of the Council to call upon the federal government to urgently address the student loan crisis and enact a plan to cancel student loan debt and begin the transition to education as a public good.

RESOLVED, BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this resolution may be cited as the “Sense of the Council Student Loan Debt Cancellation Resolution of 2021”.

Sec. 2. The Council finds that:

(1) The student loan crisis is impacting nearly 1 in 5 Americans, with Black, Latinx, American Indian and Alaska Native, Asian and Pacific Islander, and other communities of color, low-income residents, and young adults most impacted by student loan debt. Collectively, Americans hold over \$1.6 trillion in student debt and growing.

(2) The District of Columbia’s economy is strong, in large part due to its highly educated workforce, but this comes at a significant cost to District residents. District residents have the nation’s highest average student loan debt at \$55,400 per borrower, resulting in over \$6.4 billion in debt within the District alone. Over 115,000 individuals, or 16.4% of District residents, have student loan debt that affects their ability to save for retirement, buy a home, pay for childcare, or meet other essential needs and contribute further to the local economy.

(3) The segment of the population with the fastest growing student debt balances are people over age 60. The number of individuals age 60 and older with student loan debt has quadrupled since 2005, and the average amount they owe has also dramatically increased. This is due to both borrowers carrying their own student debt later in life and parents, grandparents, and other caregivers helping to finance their relatives’ higher education. This impacts seniors’ ability to save for retirement and maintain financial security and may lead to delinquent or defaulted student loans late in life, as nearly 40% of federal student loan borrowers aged 65 and older are in default.

(4) Younger adults carry the largest student loan burden, at precisely the time that many are attempting to save for buying a home, starting a family, or paying for childcare. An estimated one-third of all adults ages 25 to 34 have student loan debt. Many of these adults are in

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the “sandwich generation,” caring for both children and elder relatives. Over half of student loan borrowers report that their debt has a considerable impact on restricting their choice of career.

(5) College is more expensive – and more essential – than ever before.

Advancements in technology are making it harder to earn a living wage without an advanced degree, and college graduates earn on average 80% more than those with a high school diploma. While college attendance is higher than ever before, the cost of college education has more than doubled over the past generation. Further, many students who take out loans do not ultimately complete a college degree; two-thirds of those who default on their student loans are borrowers who either did not finish college or earned only a certificate.

(6) The student loan crisis is an issue of racial equity. On average, Black students are more likely to take out student loans; Black borrowers owe more than White borrowers; and Black borrowers pay down their debt more slowly, in part due to the racial wealth gap, the racial pay gap, and racial discrimination in hiring. Black students who earned a bachelor’s degree had a default rate nearly 4 times higher than similarly situated White peers due to complex facets of wealth and wage disparities and structural racism. Black and Latinx students are 3 times more likely to attend a for-profit college than White students, which are often predatory and result in much higher rates of default. On average, American Indian and Alaska Native student borrowers owe the highest monthly payments. Student debt exacerbates the existing racial wealth gaps and holds many people of color back from building intergenerational wealth.

(7) The student loan crisis is an issue of gender equity. While a slight majority of college students are women, women hold roughly two thirds of the nation’s student loan debt. Black women, on average, accrue more debt than other women. Because of the gender pay gap, women have a harder time paying off their debt and struggle more financially to do so. A disproportionate number of single mothers attending college attend for-profit colleges and accrue higher levels of debt than students at non-profit colleges. The intersection of racial and gender wage and wealth gaps make it even harder for women of color to afford college, pay down their student debt, and accrue intergenerational wealth.

(8) The student loan crisis is an issue of socioeconomic equity. Low-income students and families are more likely to need to borrow loans and to default on loans. First-generation college students accrue more debt on average than other students and are more likely to default on their loans. Students who are veterans, parents, or caregivers also face higher risk of default. While higher-income communities are more likely to have loan balances due to higher rates of college attendance, there are far higher rates of economic hardship and delinquency resulting from student loans in low-income communities.

(9) In the District, loan balances are high across the city, particularly in Wards 1, 2, 3, 4, 5, and 6. Yet the burden of student debt is highest in areas with fewer job opportunities and lower pay and where the average loan balance is higher, resulting in a more significant debt burden in Wards 5, 7, and 8.

(10) Cancelling student loan debt and eliminating debt in higher education represents a significant economic opportunity for the District to increase spending in our local

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community, support residents' wealth-building and social mobility, and provide a deeply needed stimulus during the pandemic.

(11) Cancelling student loan debt and eliminating debt in higher education will have a considerable positive impact on the thousands of students that attend any of the dozens of colleges and universities that are based or operate in the District and will help advance an equitable, accessible higher education system for all our residents.

(12) Cancelling student loan debt and eliminating debt in higher education will improve a range of health outcomes by alleviating debt-associated stress and mental health impacts and improving investments in residents' health services and health outcomes.

(13) Cancelling student loan debt is a moral issue, as it will help address racial and gender wage and wealth gaps, support improved educational, health, and housing outcomes, and improve economic opportunities for District residents.

(14) Over 90% of student loans are provided through the federal government. Federal student loan debt is held by the United States government, and the Higher Education Act of 1965 gives the President and Secretary of Education the authority to cancel it.

Sec. 3. It is the sense of the Council that the federal government should leverage its authority to urgently address the student loan crisis by enacting a plan to cancel student loan debt and begin the transition to education as a public good.

Sec. 4. The Council shall transmit a copy of this resolution, upon its adoption, to the Mayor.

Sec. 5. This resolution shall take effect immediately.