

U.S. Sen. Baldwin: Senate unanimously passes bipartisan legislation to stop student debt relief scams

Posted on Wednesday, Dec 2, 2020

>> **WisPolitics is now on the State Affairs network. Get custom keyword notifications, bill tracking and all WisPolitics content. [Get the app or access via desktop.](#)**

WASHINGTON, D.C. – The U.S. Senate has unanimously passed Senator Tammy Baldwin's bipartisan *Stop Student Debt Relief Scams Act*, legislation that will enhance efforts to identify and shut down student debt relief scams. Baldwin introduced this bipartisan reform back in April 2019 with Senators Mike Braun (R-IN), Jeanne Shaheen (D-NH) and Deb Fischer (R-NE). The legislation now awaits approval from the U.S. House of Representatives before heading to the President's desk to be signed into law.

“Far too many students are already struggling with student loan debt, and they deserve to be protected from scammers and bad actors who are preying on their financial security,” **said Senator Baldwin.** “The additional repayment relief provided to many borrowers during the COVID-19 pandemic has unfortunately also created additional opportunities for fraudsters to do more harm. I’m so proud that my bipartisan reform has unanimously passed the Senate because it is just commonsense to stop these student loan debt relief scams that harm hardworking Americans and prevent them from getting ahead.”

With Americans facing more than \$1.7 trillion in student loan debt, borrowers are looking for relief wherever they can find it. Debt relief scams falsely promise borrowers a quick fix with little hassle. These schemes robocall student loan borrowers until they agree to pay thousands of dollars in unnecessary fees for

services that are available for free, claiming to reduce or forgive borrowers' student debt.

In a March 2018 report, the U.S. Department of Education's Office of Inspector General recommended that Congress strengthen federal law to help stop scam artists that fraudulently obtain access to borrower's online login credentials, primarily by imposing meaningful financial penalties and prosecuting individuals and entities perpetrating these scams. The *Stop Student Debt Relief Scams Act* would accelerate the end to this rampant misconduct.

The *Stop Student Debt Relief Scams Act* will enhance law enforcement and administrative abilities to identify and shut down student debt relief scams. Specifically, the legislation will:

- Clarify that it is a federal crime to access U.S. Department of Education information technology systems for fraud, commercial advantage, or private financial gain, and impose fines on scammers for violations of the law;
- Direct the U.S. Department of Education to create a new form of third-party access, akin to the current "preparer" function on the Free Application for Student Aid (FAFSA) for those applying on behalf of a student and their family, in order to protect legitimate organizations;
- Require the U.S. Department of Education to maintain common-sense reporting, detection, and prevention activities to stop potential or known debt relief scams; and
- Require student loan exit counseling to warn federal loan borrowers about debt relief scams.

This bill is endorsed by the Education Finance Council, Generation Progress, National Consumer Law Center (on behalf of its low-income clients), National Council of Higher Education Resources, Student Loan Servicing Alliance, The Institute for College Access and Success, and Young Invincibles.

More information about this legislation is available [here](#). The full bill text is available [here](#).



An online version of this release is available [here](#).