

U.S. Rep. Grothman: Introduces bill to discharge student loan debt

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(Washington, D.C.) – Congressman Glenn Grothman (WI-06) has introduced [H.R. 4563](#), a bipartisan bill that will restore the right to discharge student loan debt in bankruptcy. The bill is cosponsored by Congressman Luis Correa (D-CA).

In the 1970s, Congress decided that when a person declared bankruptcy, student loan debts would no longer be discharged, except under extraordinary circumstances. The logic behind this was that if an individual declared bankruptcy and their mortgage was discharged, the bank could then collect the deed and re-sell the house. There is no way for a lender to re-coup the original investment of a college degree.

That was the reasoning behind the decision at the time. In reality, we see a different story.

If there is no risk of the federal government and private lenders losing money through the bankruptcy process, then these actors have no reason to responsibly lend to student borrowers. In turn, institutions of higher education, who have little accountability and access to an endless pool of student aid dollars, continue to inflate the cost of tuition for our students.

“As a member of the House Education and Labor Committee, one of my top priorities is to find solutions to the student loan debt crisis and combat the problem of skyrocketing tuition prices. My bipartisan bill will pave the way for responsible student lending and reasonable tuition prices by making student loan debt dischargeable in the bankruptcy process.

“Because of our bankruptcy laws, credit card companies and other lenders will not

loan money if they do not expect it will be repaid. Sadly, in the 1970s, Congress took this safeguard away from students applying for federal loans.

“Across my district, I meet people in their 30s and 40s who should own a house and have children, but can afford neither because of excessive loans given to them in their teens.

“Out-of-control student loan costs and wasteful spending, coupled with high tuition prices, must come to an end for the sake of our students. If this bill becomes law, it will force all federal student lenders, including the federal government, to become more responsible.”

[Click here to read the bill.](#)