AMDT #20

Amendment to the Chairman's Mark

Offered by Representatives Pocan, Van Hollen, Yarmuth, McDermott, Lee, Lujan Grisham, Dingell, Lieu, Norcross, and Moulton

# Lower Student Debt by Refinancing Student Loans and Protecting Pell Grants and Student Loan Benefits

1. At the end of Title V, add the following:

**"DEFICIT-NEUTRAL RESERVE FUND FOR STUDENT LOAN REFINANCING.**

In the House, the chair of the Committee on the Budget may revise the allocations, aggregates, and other appropriate levels and limits in this resolution for the budgetary effects of any bill or joint resolution, or amendment thereto or conference report thereon, that helps students lower their student loan debt by allowing them to refinance their federal loans, by the amounts provided by that legislation if such measure does not increase the deficit for the period of fiscal years 2016 through 2025."

2. Strike Section 811 and replace it with the following:

**"Policy on Lowering Student Debt through Refinancing Student Loans**

Whereas,

a) More than two thirds of those graduating from college in 2013 had student loan debt, and the average debt had grown to $28,400.
b) To add to the burden, 7.8 percent of young college graduates were unemployed in 2013, making it hard to repay their student loan debt.
c) Existing federal student loan policies lock students into one interest rate for the life of the loan, and do not allow students to refinance their loans at current market rates.

Therefore, it is the policy of this resolution to accommodate legislation that would allow students to lower their debt by refinancing their federal student loans. Outlay changes from such measure shall be offset by adjusting the aggregate levels of revenue by equal amounts, reflecting the reduction of tax expenditures for the top one percent of income earners, or of unjustified corporate tax breaks, including tax subsidies for the major integrated oil companies, special depreciation for corporate jets, loopholes that encourage

firms to ship jobs and capital overseas and shelter their profits in foreign tax havens, the "carried interest" loophole that allows hedge fund managers to disguise their compensation as capital gains, or corporate deductions for CEO bonuses and other excessive executive compensation exceeding $1 million per year."

3. Increase mandatory budget authority and outlays for Function 500 by the following amounts in billions of dollars to help students with financial need afford college by maintaining mandatory increases in the maximum Pell grant and maintaining in-school interest subsidies on federal student loans for needy students.

| | *2016* | *2017* | *2018* | *2019* | *2020* | *2021* | *2022* | *2023* | *2024* | *2025* |
|---|---|---|---|---|---|---|---|---|---|---|
| BA | 8.326 | 12.54 | 12.686 | 12.992 | 13.264 | 13.252 | 13.503 | 13.753 | 14.034 | 14.355 |
| Outlays | 7.105 | 9.787 | 12.162 | 12.321 | 12.58 | 12.753 | 12.792 | 13.028 | 13.268 | 13.538 |

4. Adjust the aggregate levels of revenue by amounts equal to the foregoing outlay changes in paragraph 1, reflecting the reduction of tax expenditures for the top one percent of income earners, or of unjustified corporate tax breaks, including tax subsidies for the major integrated oil companies, special depreciation for corporate jets, loopholes that encourage firms to ship jobs and capital overseas and shelter their profits in foreign tax havens, the "carried interest" loophole that allows hedge fund managers to disguise their compensation as capital gains, or corporate deductions for CEO bonuses and other excessive executive compensation exceeding $1 million per year.

5. Amend the committee report to reflect the following policy assumptions:

The resolution helps students lower their federal student loan debt by accommodating legislation that lets them refinance their loans to the lowest available rate, by retaining current law that does not charge interest on certain federal loans while students with financial need are still in school, and by maintaining annual increases in the maximum Pell grant that help the neediest students afford the cost of college. At a time when the returns to a college education are so dramatic in terms of lifetime earnings and employment possibilities, the last thing Congress should do is make it harder for students to afford college by cutting grant aid and adding to student loan debt.

Unlike business practice that allows homeowners to refinance their mortgage when market rates improve, students are locked into one interest rate for the life of their federal loan. Therefore, they cannot take advantage of changes in market rates to lower their debt. This inability to refinance their loan increases the burden on recent college graduates at a time when more than two thirds of those graduating from

college had student loan debt, and the average was a whopping $28,400. To add to their burden, 7.8 percent of young college graduates in 2013 were unemployed, making it hard to repay their debt.

This resolution expresses the intent of Congress to lower student debt with deficit-neutral legislation allowing students to refinance their loans to the lowest rate available, by maintaining in-school interest subsidies on certain loans to needy students, and maintaining mandatory funding for increases in the Pell grant. Congress has already enacted and paid for these increases in the maximum Pell grant, which helps more than 8.2 million college students get a college degree. More than 73 percent of Pell grant recipients have family incomes of less than $30,000 per year, and many of these students also rely on federal student loans to pay for college.

The resolution accommodates funding for student loan refinancing by reducing or eliminating some of the following: tax expenditures for the top one percent of income earners; or unjustified corporate tax breaks, including tax subsidies for the major integrated oil companies, special depreciation for corporate jets, loopholes that encourage firms to ship jobs and capital overseas and shelter their profits in foreign tax havens, the "carried interest" loophole that allows hedge fund managers to disguise their compensation as capital gains, or corporate deductions for CEO bonuses and other excessive executive compensation exceeding $1 million per year.